CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1478

Citations Affected: IC 3-8-1-23.5; IC 3-11-2-12.8; IC 6-1.1; IC 6-2.5-5-8; IC 6-3.5; IC 6-9; IC 8-18-21-13; IC 8-22-3.6-3; IC 12-19; IC 12-29; IC 13-18-8-2; IC 14-30; IC 14-33-9-1; IC 20-45; IC 20-46-7; IC 21-14-2; IC 33-37-7-8; IC 36-7; IC 36-8; IC 36-9; IC 36-12-14-2.

Synopsis: Taxation. CONFERENCE COMMITTEE REPORT TO EHB 1478. Provides that in 2008, the standard deduction available for real property that qualifies for the homestead credit may not exceed $45,000. Provides that beginning in 2009, the maximum deduction decreases $1,000 each year until it reaches $40,000. Authorizes a county to adopt an additional county adjusted gross income tax (CAGIT) rate or an additional county option income tax (COIT) rate. Provides that the tax rate shall be set by the department of local government finance (DLGF) at an amount sufficient to raise tax revenue to replace the estimated increase in the following year of certain property tax levies in the county. Specifies that the tax rate may not exceed 1%. Provides that in the first year the tax rate is imposed, the tax rate shall be set for each of the following two years. Provides that the tax rate set for the first year must be increased a specified amount above the amount needed to replace the tax levy growth, and that the excess tax revenue raised in the first year must be deposited in the county stabilization fund. Establishes a county stabilization fund in each county that imposes the additional tax rate. Provides that if the certified distributions exceed the estimated replacement amount used to determine the tax rate, the excess shall be deposited in the county stabilization fund. Specifies when money shall be distributed from the county stabilization fund. Provides that the tax rate may not be reduced or rescinded, but that the tax rate may be increased each year to replace the property tax levy growth that would otherwise occur in the following year. Authorizes a county to impose an additional CAGIT or COIT tax rate for public safety. Specifies the conditions under which a county may impose the additional tax rate for public safety and specifies the maximum additional tax rate. Requires this tax revenue to be distributed to the county and municipalities in the county and to be used for public safety purposes. Provides that a county may impose a CAGIT or COIT tax rate of not more than 1% for: (1) property tax replacement credits; (2) an increase in the homestead credit percentage; or (3) property tax replacement credits for qualified residential property. Provides that the assessed value growth quotient for a particular year for civil taxing units in Lake County is zero unless this tax rate for property tax relief will be in effect at a rate of 1% in Lake County for that calendar year. Provides that ordinances imposing, increasing, decreasing, or rescinding CAGIT, COIT, and the county economic development income tax must be adopted after March 31 and before August 1 of a year. Provides that the ordinances take effect October 1 of a year.

Abolishes county boards of tax adjustment on December 31, 2008. Establishes a county board of tax and capital projects review (review board) in each county on January 1, 2009. Provides that in counties other than Marion County, a review board consists of members appointed from various fiscal bodies within the county and two individuals elected on a nonpartisan basis. Specifies the membership of the review board in Marion County. Provides that in those counties that have a county board of tax adjustment, the review board has the powers and duties held by a county board of tax adjustment before the county board of tax adjustment is abolished. Requires the fiscal body of each political subdivision in a county to do the following every two years: (1) Hold a public hearing on a proposed capital projects plan. (2) Adopt a capital projects plan. Requires a capital projects plan to apply to at least the five years immediately following the year the capital projects plan is adopted. Requires a review board to review and provide a written report concerning each capital projects plan. Provides that a political subdivision may not: (1) begin construction of a capital project; (2) enter into contracts for the construction of a capital project; (3) issue bonds for a capital project; or (4) take certain other actions concerning a capital project; unless the review board approves the capital project. Provides that the approval of the DLGF is not required for an issuance of bonds that has been approved by the review board. Provides that a capital project must be reviewed by a review board only if the capital project: (1) is a controlled project for purposes of the petition and remonstrance procedures; and (2) will cost the political subdivision more than $7,000,000. Provides that review board approval is not required for water projects, wastewater projects, highway or road projects, or bridge projects. Provides that the local government tax control board is abolished December 31, 2008. Beginning in 2009, eliminates certain levy appeals for civil taxing units. Provides that after May 15, 2007, the DLGF may not approve a school corporation's proposed bond issue that does not provide for payments toward the principal of the bonds on at least an annual basis, lease rental agreement that does not provide for repayments toward the present asset value of the lease at its inception on at least an annual basis, or debt service fund loan to purchase school buses that does not provide for payments toward the principal of the loan on at least an annual basis. Specifies that in 2008 and 2009, the circuit breaker credit for taxes greater than 2% applies to homestead property (rather than qualified residential property). Specifies that after 2009, the circuit breaker credit for taxes greater than 2% applies to homestead property and that a circuit breaker credit for taxes greater than 3% applies to property other than homestead property. Provides that a school corporation's tuition support property tax levy may not be reduced because of a circuit breaker credit. Provides that a redevelopment commission or the governing body of certain other TIF districts may file with the county auditor a certified statement providing that for purposes of computing and applying the circuit breaker credit, a taxpayer's property tax liability does not include the liability for a tax increment replacement tax. Establishes a circuit breaker relief appeal board. Provides that beginning in 2008, a county or two or more political subdivisions that will have their property tax collections reduced by at least 2% in a year as a result of the application of the circuit breaker credit may petition the board for relief from the application of the circuit breaker credit. Requires a petitioning political subdivision to submit a proposed financial plan to the board. Provides that the board may: (1) increase the threshold at which the circuit breaker credit applies to a person's property tax liability; or (2) provide for a uniform percentage reduction to circuit breaker credits otherwise provided in the county; if the governing boards of all political subdivisions in the county agree to that plan. Allows Parke County to impose an additional CAGIT rate of not more than 0.25% to: (1) fund the costs (including pre-trial costs) of a capital trial that has been moved to another county for trial; and (2) to repay money borrowed for that purpose. Increases the Allen County innkeeper's tax rate to 7%. Authorizes Monroe County to adopt an additional COIT tax rate of not more than 0.25% to fund a juvenile detention center. Raises the cap on the Vanderburgh County innkeepers' tax from 6% to 8%. Provides that the additional county option income tax rate permitted in Howard County must be adopted in increments of one hundredth percent. Provides that the portion of the judicial salaries fee retained by a city or town shall be prioritized to fund city or town court operations. Provides that, notwithstanding the December 31, 2006, statutory deadline for a political subdivision to adopt an ordinance or resolution to provide local homestead credits in 2007, a political subdivision may adopt such an ordinance or resolution after December 31, 2006, and before June 1, 2007, to provide for a local homestead credit in 2007. Makes certain changes concerning personal property abatement. Creates the annexation study committee. Makes other changes. **(This conference committee report does the following: (1) Provides that in 2008, the standard deduction available for real property that qualifies for the homestead credit may not exceed $45,000. Provides that beginning in 2009, the maximum deduction decreases $1,000 each year until it reaches $40,000. (2) Specifies that the additional CAGIT or COIT tax rate to freeze levy growth may not exceed 1%. Provides that the tax rate set for the first year must be increased a specified amount above the amount needed to replace the tax levy growth, and that the excess tax revenue raised in the first year must be deposited in the county stabilization fund. (3) Provides that a county may impose a CAGIT or COIT tax rate of not more than 1% for: (1) property tax replacement credits; (2) an increase in the homestead credit percentage; or (3) property tax replacement credits for qualified residential property. Provides that the assessed value growth quotient for a particular year for civil taxing units in Lake County is zero unless this tax rate for property tax relief will be in effect at a rate of 1% in Lake County for that calendar year. (4) Authorizes a county to impose an additional CAGIT or COIT tax rate for public safety. Specifies the conditions under which a county may impose the additional tax rate for public safety and specifies the maximum additional tax rate. (5) Deletes the property tax reduction trust fund from the bill. (6) Specifies that in 2008 and 2009, the circuit breaker credit for taxes greater than 2% applies to homestead property (rather than qualified residential property). Specifies that after 2009, the circuit breaker credit for taxes greater than 2% applies to homestead property and that a circuit breaker credit for taxes greater than 3% applies to property other than homestead property. (7) Provides that a school corporation's tuition support property tax levy collections may not be reduced because of a circuit breaker credit. (8) Specifies that the two elected members of the county board of tax and capital projects review shall be elected on a nonpartisan basis. Specifies the membership of the board in Marion County. (9) Provides that approval by the county board of tax and capital projects review is not required for water projects, wastewater projects, highway or road projects, or bridge projects. Deletes a provision allowing a board to modify a proposed capital project. (10) Adds the provision concerning approval of a school corporation's proposed bond issue, lease rental agreement, or debt service fund loan to purchase school buses. (11) Deletes the state pick-up of tuition support levies, family and children's fund levies, and costs of juvenile incarceration. (12) Deletes the provisions specifying that the department of child services shall pay expenses that were payable before January 1, 2008, from county family and children's funds. (13) Deletes the provision that would eliminate property tax replacement credits after 2007. (14) Deletes the provision that would abolish the property tax replacement fund. (15) Deletes the provision that would eliminate homestead credits after 2011. (16) Deletes the provision concerning contracts to discover omitted or undervalued property. (17) Adds the provisions concerning county option income tax in Howard County. (18) Deletes the provision concerning the state rainy day fund. (19) Deletes the assessment methods to be used in the assessment of a water based adult entertainment center, including a riverboat. (20) Deletes the provisions concerning annexation in Porter County. (21) Adds the provision concerning the additional Parke County CAGIT for capital trial costs. (22) Adds the provision authorizing a redevelopment commission or the governing body of certain other TIF districts to provide that for purposes of the circuit breaker credit, a taxpayer's property tax liability does not include the liability for a tax increment replacement tax. (23) Adds a provision concerning sales tax exemptions for transactions in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business. (24) Provides that the portion of the judicial salaries fee retained by a city or town shall be prioritized to fund city or town court operations. (25) Makes other changes.)**

Effective: Upon passage; January 1, 2006 (retroactive); January 1, 2007 (retroactive); May 15, 2007 (retroactive); July 1, 2007; January 1, 2008.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1478 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 23.5. A candidate for election as a member of the county board of tax and capital projects review in 2008 and thereafter must have resided in the county for at least one (1) year before the election.**

SECTION 2. IC 3-11-2-12.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 12.8. (a) County board of tax and capital projects review offices to be elected at the general election shall be placed on the general election ballot after the offices described in sections 12 and 12.9 of this chapter.**

(b) County board of tax and capital projects review offices shall be placed in a separate column on the ballot.

(c) If the ballot contains a candidate for a county board of tax and capital projects review office, the ballot must also contain a statement that reads substantially as follows: "To vote for a candidate for this office, make a voting mark on or in the square to

the left of the candidate's name. Vote for not more than two (2) candidates for this office.".

SECTION 3. IC 6-1.1-12-37, AS AMENDED BY P.L.162-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) for property taxes first due and payable:

(A) before January 1, 2007, thirty-five thousand dollars ($35,000);

(B) after December 31, 2006, and before January 1, ~~2008,~~ **2009,** forty-five thousand dollars ($45,000); ~~and~~

(C) after December 31, ~~2007, thirty-five thousand dollars ($35,000).~~ **2008, and before January 1, 2010, forty-four thousand dollars ($44,000);**

(D) after December 31, 2009, and before January 1, 2011, forty-three thousand dollars ($43,000);

(E) after December 31, 2010, and before January 1, 2012, forty-two thousand dollars ($42,000);

(F) after December 31, 2011, and before January 1, 2013, forty-one thousand dollars ($41,000); and

(G) after December 31, 2012, forty thousand dollars ($40,000).

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 4. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have

impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for use as described in clause (B), and~~ **if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or**

(ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment

of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

(8) "Deduction application" means:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter;

(B) the application filed in accordance with section 5.4 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter; or

(C) the application filed in accordance with section 5.3 of this chapter by a property owner that desires to obtain the deduction provided by section 4.8 of this chapter.

(9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2000, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) laboratory equipment;

(ii) research and development equipment;

(iii) computers and computer software;

(iv) telecommunications equipment; or

(v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for purposes described in this subdivision; and~~ **if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or**

(ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) racking equipment;

(ii) scanning or coding equipment;

(iii) separators;

(iv) conveyors;

(v) fork lifts or lifting equipment (including "walk behinds");

(vi) transitional moving equipment;

(vii) packaging equipment;

(viii) sorting and picking equipment; or

(ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~and uses for the storage or distribution of goods, services, or information; and~~ **if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and**

(ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

(i) information processing;

(ii) office automation;

(iii) telecommunication facilities and networks;

(iv) informatics;
(v) network administration;
(vi) software development; and
(vii) fiber optics;
(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and
(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:
(A) is zoned for commercial or industrial purposes; and
(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 5. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:
(1) the estimated budget;
(2) the estimated maximum permissible levy;
(3) the current and proposed tax levies of each fund; and
(4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:
(1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately

succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1(b);

(2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

(A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);

(B) any deductions or exemptions that apply to the assessed valuation of the tangible property;

(C) any credits that apply in the determination of the tax liability; and

(D) the county auditor's best estimate of the effects on the tax liability that might result from actions of:

(i) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** or

(ii) the department of local government finance;

(3) a prominently displayed notation that:

(A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and

(B) based on various factors, including potential actions by:

(i) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** or

(ii) the department of local government finance;

it is possible that the tax liability as finally determined will differ substantially from the estimate;

(4) comparative information showing the amount of property taxes for which the person is liable to each political subdivision on the tangible property for taxes first due and payable in the current year; and

(5) the date, time, and place at which the political subdivision will hold a public hearing on the political subdivision's estimated budget and proposed tax rate and tax levy as required under subsection (a).

(c) The department of local government finance shall:

(1) prescribe a form for; and

(2) provide assistance to county auditors in preparing;

statements under subsection (b). Mailing the statement described in subsection (b) to a mortgagee maintaining an escrow account for a person who is liable for any property taxes shall not be construed as compliance with subsection (b).

(d) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.

(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 6. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a municipality, not later than September 30.

(3) The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:

(A) the time required in section 5.6(b) of this chapter; or

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **under IC 6-1.1-29-4 after September 20 of that year.**

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

(f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year.

SECTION 7. IC 6-1.1-17-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).

(b) Before February 1 of each year, the officers of the school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers. However, if a resolution adopted under subsection (d) is in effect, the officers shall meet to fix the budget for the ensuing budget year before September 20.

(c) Each year, at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** held under IC 6-1.1-29-4, the school corporation shall file with the county auditor:

(1) a statement of the tax rate and tax levy fixed by the school corporation for the ensuing budget year;

(2) two (2) copies of the budget adopted by the school corporation

for the ensuing budget year; and

(3) any written notification from the department of local government finance under section 16(i) of this chapter that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **after September 20 of that year.**

(d) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 8. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

(1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and

(2) to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision.

(b) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(c) When the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after**

December 31, 2008) makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 9. IC 6-1.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. If the boundaries of a political subdivision cross one (1) or more county lines, the budget, tax levy, and tax rate fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 5 or 5.6 of this chapter. The board of tax adjustment of the county which contains the largest portion of the value of property taxable by the political subdivision, as determined from the abstracts of taxable values last filed with the auditor of state, has jurisdiction over the budget, tax rate, and tax levy to the same extent as if the property taxable by the political subdivision were wholly within the county. The secretary of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall notify the county auditor of each affected county of the action of the board. Appeals from actions of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may be initiated in any affected county.

SECTION 10. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall, subject to the limitations prescribed in IC 20-45-4, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

(1) an analysis of the aggregate tax rate within the political subdivision;

(2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and

(3) any other information that the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets by fund, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 11. IC 6-1.1-17-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall complete the duties assigned to it under this chapter on or before October 1st of each year, except that in a consolidated city and county and in a county containing a second class city, the duties of this board need not be completed until November 1 of each year.

(b) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** fails to complete the duties assigned to it within the time prescribed in this section or to reduce aggregate tax rates so that they do not exceed the maximum rates permitted under IC 6-1.1-18, the county auditor shall calculate and fix the tax rate within each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

(c) When the county auditor calculates and fixes tax rates, ~~he~~ **the county auditor** shall send a certificate notice of ~~the rate he has fixed~~ **those rates** to each political subdivision of the county. ~~He~~ **The county auditor** shall send these notices within five (5) days after publication of the notice required by section 12 of this chapter.

(d) When the county auditor calculates and fixes tax rates, ~~his~~ **that** action shall be treated as if it were the action of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

SECTION 12. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. When the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008),** exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

SECTION 13. IC 6-1.1-17-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. A budget, tax rate, or tax levy of a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008),** is final unless:

(1) action is taken by the county auditor in the manner provided under section 9 of this chapter;

(2) the action of the county board is subject to review by the department of local government finance under section 8 or 10 of this chapter; or

(3) an appeal to the department of local government finance is initiated with respect to the budget, tax rate, or tax levy.

SECTION 14. IC 6-1.1-17-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. As soon as the budgets, tax rates, and tax levies are approved or modified by the county board of tax adjustment **(before January 1, 2009) or the**

county board of tax and capital projects review (after December 31, 2008), the county auditor shall within fifteen (15) days prepare a notice of the tax rates to be charged on each one hundred dollars ($100) of assessed valuation for the various funds in each taxing district. The notice shall also inform the taxpayers of the manner in which they may initiate an appeal of the county board's action. The county auditor shall post the notice at the county courthouse and publish it in two (2) newspapers which represent different political parties and which have a general circulation in the county.

SECTION 15. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body, ~~or~~ the county board of tax adjustment **(before January 1, 2009), or the county board of tax and capital projects review (after December 31, 2008)** reduces:

(1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance;

(2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or

(3) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.

SECTION 16. IC 6-1.1-17-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. A political subdivision may appeal to the department of local government finance for an increase in its tax rate or tax levy as fixed by the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor. To initiate the appeal, the political subdivision must file a statement with the department of local government finance not later than ten (10) days after publication of the notice required by section 12 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the following officers:

(1) In the case of counties, by the board of county commissioners and by the president of the county council.

(2) In the case of all other political subdivisions, by the highest executive officer and by the presiding officer of the legislative body.

SECTION 17. IC 6-1.1-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The state may not impose a tax rate on tangible property in excess of thirty-three hundredths of one cent ($0.0033) on each one hundred dollars ($100) of assessed valuation. The state tax rate is not subject to review by county boards of tax adjustment **(before January 1, 2009), county boards of tax and capital projects review (after December 31, 2008),** or county auditors. This section does not apply to political subdivisions of the state.

SECTION 18. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents ($0.4167) on each one hundred dollars ($100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents ($0.6667) on each one hundred dollars ($100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment **(before January 1, 2009), a county board of tax and capital projects review (after December 31, 2008),** a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 19. IC 6-1.1-18.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana nonfarm personal income" means the estimate of total nonfarm personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

(b) **Subject to subsection (c),** for purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

(c) This subsection applies only to civil taxing units in Lake County. Notwithstanding any other provision, for property taxes first due and payable after December 31, 2007, the assessed value growth quotient used to determine a civil taxing unit's maximum permissible ad valorem property tax levy under this chapter for a particular calendar year is zero (0) unless a tax rate of one percent (1%) will be in effect under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 in Lake County for that calendar year.

SECTION 20. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

(b) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (e) from the amount determined under STEP SEVEN of this subsection.

(c) If a civil taxing unit in the immediately preceding calendar year provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0).

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

(A) the amount determined in STEP ONE; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:

(i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or

(ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

(A) zero (0); or

(B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

(e) For each civil taxing unit, the amount to be subtracted under subsection (b), STEP EIGHT, is determined using the following formula:

STEP ONE: Determine the lesser of the civil taxing unit's base year certified share for the ensuing calendar year, as determined under section 5 of this chapter, or the civil taxing unit's certified share for the ensuing calendar year.

STEP TWO: Determine the greater of:

(A) zero (0); or

(B) the remainder of:

(i) the amount of federal revenue sharing money that was received by the civil taxing unit in 1985; minus

(ii) the amount of federal revenue sharing money that will be received by the civil taxing unit in the year preceding the ensuing calendar year.

STEP THREE: Determine the lesser of:

(A) the amount determined in STEP TWO; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP FOUR: Add the amount determined in subsection (d), STEP FOUR, to the amount determined in STEP THREE.

STEP FIVE: Subtract the amount determined in STEP FOUR from the amount determined in STEP ONE.

(f) As used in this section, a taxing unit's "determination year" means the latest of:

(1) calendar year 1987, if the taxing unit is treated as being located in an adopting county for calendar year 1987 under section 4 of this chapter;

(2) the taxing unit's base year, as defined in section 5 of this chapter, if the taxing unit is treated as not being located in an adopting county for calendar year 1987 under section 4 of this chapter; or

(3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%

Year	Subsection (e) Factor
For the determination year and each ensuing calendar year following the determination year	0

COUNTIES WITH A TAX RATE OF 3/4%

Year	Subsection (e) Factor
For the determination year and each ensuing calendar year following the determination year	1/2

COUNTIES WITH A TAX RATE OF 1.0%

Year	Subsection (d) Factor	Subsection (e) Factor
For the determination year	1/6	1/3
For the ensuing calendar year following the determination year	1/4	1/3
For the ensuing calendar year following the determination year by two (2) years	1/3	1/3

(g) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to

a civil taxing unit that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter and except as provided in subsection (h), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

(h) This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

(1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and

(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (g), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 21. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad valorem property tax levy for the immediately preceding calendar year.

(b) If under subsection (a) a civil taxing unit is not subject to the levy limits imposed under section 3 of this chapter for a calendar year, the civil taxing unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for that calendar year to the local government tax control board established by section 11 of this chapter **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** before the tax levy is advertised. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall then review and make a recommendation to the department of local government finance on the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding year.

SECTION 22. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit if the civil taxing unit is committed to levy the taxes to pay or fund either:

(1) bonded indebtedness; or

(2) lease rentals under a lease with an original term of at least five (5) years.

(b) **This subsection does not apply to bonded indebtedness incurred or leases executed for a capital project approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.** A civil taxing unit must file a petition requesting approval from the department of local government finance to incur bonded indebtedness or execute a lease with an original term of at least five (5) years not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a longer period is reasonable in light of the civil taxing unit's facts and circumstances. A civil taxing unit must obtain approval from the department of local government finance before the civil taxing unit may:

(1) incur the bonded indebtedness; or

(2) enter into the lease.

Before January 1, 2009, the department of local government finance may seek recommendations from the local government tax control board established by section 11 of this chapter when determining whether to authorize incurring the bonded indebtedness or the execution of the lease.

(c) The department of local government finance shall render a decision within three (3) months after the date it receives a request for approval under subsection (b). However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the civil taxing unit. A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

(d) A civil taxing unit does not need approval under subsection (b) to obtain temporary loans made in anticipation of and to be paid from current revenues of the civil taxing unit actually levied and in the course of collection for the fiscal year in which the loans are made.

(e) For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a calendar year does not include that part of its levy that is committed to fund or pay bond indebtedness or lease rentals with an original term of five (5) years in subsection (a).

(f) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this section.

SECTION 23. IC 6-1.1-18.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A local government tax control board is established. The board consists of nine (9) members, seven (7) of whom are voting members and two (2) of whom are nonvoting members.

(b) The seven (7) voting members shall be appointed as follows:

(1) One (1) member appointed by the state board of accounts.

(2) One (1) member appointed by the department of local government finance.

(3) Five (5) members appointed by the governor. Three (3) of the members appointed by the governor must be citizens of Indiana who do not hold a political or elective office in state or local government. The governor may seek the recommendation of representatives of the cities, towns, and counties before appointing the other two (2) members to the board.

(c) The two (2) nonvoting members of the board shall be appointed as follows:

(1) One (1) member of the house of representatives, appointed by the speaker of the house.

(2) One (1) member of the senate, appointed by the president pro tempore of the senate.

(d) All members of the local government tax control board shall serve at the will of the board or person that appointed them.

(e) The local government tax control board shall annually hold an organizational meeting. At this organizational meeting the board shall elect a chairman and a secretary from its membership. The board shall meet after each organizational meeting as often as its business requires.

(f) The department of local government finance shall provide the local government tax control board with rooms, staff, and secretarial assistance for its meetings.

(g) Members of the local government tax control board shall serve without compensation, except as provided in subsections (h) and (i).

(h) Each member of the local government tax control board who is not a state employee is entitled to receive both of the following:

(1) The minimum salary per diem provided by IC 4-10-11-2.1(b).

(2) Reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the local government tax control board who is a state employee is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) The local government tax control board is abolished December 31, 2008.

SECTION 24. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that it cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter may:

(1) before September 20 of the calendar year immediately preceding the ensuing calendar year; or

(2) in the case of a request described in section 16 of this chapter, before:

(A) December 31of the calendar year immediately preceding the ensuing calendar year; or

(B) with the approval of the county fiscal body of the county in which the civil taxing unit is located, March 1 of the ensuing calendar year;

appeal to the department of local government finance for relief from those levy limitations. In the appeal the civil taxing unit must state that it will be unable to carry out the governmental functions committed to it by law unless it is given the authority that it is petitioning for. The civil taxing unit must support these allegations by reasonably detailed statements of fact.

(b) The department of local government finance shall promptly deliver to the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** every appeal petition it receives under subsection (a) and any materials it receives relevant to those appeals. Upon receipt of an appeal petition, the local government tax control board **or the county board of tax and capital projects review** shall immediately proceed to the examination and consideration of the merits of the civil taxing unit's appeal.

(c) In considering an appeal, the local government tax control board **or the county board of tax and capital projects review** has the power to conduct hearings, require any officer or member of the appealing civil taxing unit to appear before it, or require any officer or member of the appealing civil taxing unit to provide the board with any relevant records or books.

(d) If an officer or member:

(1) fails to appear at a hearing of the local government tax control board **or the county board of tax and capital projects review** after having been given written notice from the local government tax control board **or the county board of tax and capital projects review** requiring that person's attendance; or

(2) fails to produce for the local government tax control board's **or the county board of tax and capital projects review's** use the books and records that the local government tax control board

or the county board of tax and capital projects review by written notice required the officer or member to produce;

then the local government tax control board **or the county board of tax and capital projects review** may file an affidavit in the circuit court in the jurisdiction in which the officer or member may be found setting forth the facts of the failure.

(e) Upon the filing of an affidavit under subsection (d), the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to appear before the local government tax control board **or the county board of tax and capital projects review,** to provide information to the local government tax control board **or the county board of tax and capital projects review,** or to produce books and records for the local government tax control board's **or the county board of tax and capital projects review's** use, as the case may be. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

(f) All expenses incident to the filing of an affidavit under subsection (d) and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

(g) The fiscal officer of a civil taxing unit that appeals under section 16 of this chapter for relief from levy limitations shall immediately file a copy of the appeal petition with the county auditor and the county treasurer of the county in which the unit is located.

SECTION 25. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

(1) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

(2) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in

excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars ($10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded

by distributions made to a civil taxing unit by the state.

(6) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars ($100) of assessed valuation before the increase.

(7) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent ($0.01) per one hundred dollars ($100) of assessed valuation.

(8) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents ($0.0667) for each one hundred dollars ($100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1

in 1998, 1999, and 2000; and
(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2009. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter.

SECTION 26. IC 6-1.1-18.5-13.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. **A levy increase may not be granted under this section for property taxes first due and payable after December 31, 2009.** With respect to an appeal filed under section 12 of this chapter, the local government tax control board may recommend that the department of local government finance give permission to a town having a population of more than three hundred seventy-five (375) but less than five hundred (500) located in a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400) to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the town needs the increase to pay the costs of furnishing fire protection for the town. However, any increase in the amount of the town's levy recommended by the local government tax control board under this section for the ensuing calendar year may not exceed the greater of:
(1) twenty-five thousand dollars ($25,000); or
(2) twenty percent (20%) of the sum of:
(A) the amount authorized for the cost of furnishing fire protection in the town's budget for the immediately preceding calendar year; plus
(B) the amount of any additional appropriations authorized under IC 6-1.1-18-5 during that calendar year for the town's use in paying the costs of furnishing fire protection.

SECTION 27. IC 6-1.1-18.5-13.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.6. **A levy increase may not be granted under this section for property taxes first due and payable after December 31, 2009.** For an appeal filed under section 12 of this chapter, the local government tax control board may recommend that the department of local government finance give permission to a county to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that the county needs the increase to pay for:
(1) a new voting system; or
(2) the expansion or upgrade of an existing voting system;

under IC 3-11-6.

SECTION 28. IC 6-1.1-18.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may recommend to the department of local government finance a correction of any advertising error, mathematical error, or error in data made at the local level for any calendar year that affects the determination of the limitations established by section 3 of this chapter or the tax rate or levy of a civil taxing unit. The department of local government finance may on its own initiative correct such an advertising error, mathematical error, or error in data for any civil taxing unit.

(b) A correction made under subsection (a) for a prior calendar year shall be applied to the civil taxing unit's levy limitations, rate, and levy for the ensuing calendar year to offset any cumulative effect that the error caused in the determination of the civil taxing unit's levy limitations, rate, or levy for the ensuing calendar year.

SECTION 29. IC 6-1.1-18.5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department of local government finance, upon receiving a recommendation made under section 13 or 14 of this chapter, shall enter an order adopting, rejecting, or adopting in part and rejecting in part the recommendation of the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

(b) A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under subsection (a). The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under subsection (a).

SECTION 30. IC 6-1.1-18.5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

(1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;

(2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and

(3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government finance.

(b) A civil taxing unit may request permission from the local government tax control board **(before January 1, 2009) or the county**

board of tax and capital projects review (after December 31, 2008) to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if the civil taxing unit experienced a property tax revenue shortfall because of the payment of refunds that resulted from appeals under this article and IC 6-1.5.

(c) If the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** determines that a shortfall described in subsection (a) or (b) has occurred, it shall recommend to the department of local government finance that the civil taxing unit be allowed to impose a property tax levy exceeding the limit imposed by section 3 of this chapter, and the department may adopt such recommendation. However, the maximum amount by which the civil taxing unit's levy may be increased over the limits imposed by section 3 of this chapter equals the remainder of the civil taxing unit's property tax levy for the particular calendar year as finally approved by the department of local government finance minus the actual property tax levy collected by the civil taxing unit for that particular calendar year.

(d) Any property taxes collected by a civil taxing unit over the limits imposed by section 3 of this chapter under the authority of this section may not be treated as a part of the civil taxing unit's maximum permissible ad valorem property tax levy for purposes of determining its maximum permissible ad valorem property tax levy for future years.

(e) If the department of local government finance authorizes an excess tax levy under this section, it shall take appropriate steps to insure that the proceeds are first used to repay any loan made to the civil taxing unit for the purpose of meeting its current expenses.

SECTION 31. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition or remonstrance forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;

(D) govern the closing date for the petition and remonstrance period; and

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance **if** required by:

(A) IC 6-1.1-18.5-8; or

(B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

SECTION 32. IC 6-1.1-20-3.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.4. (a) Notwithstanding any other provision of this chapter, the executive of a political subdivision may initiate the petition and remonstrance process under this chapter for the approval or disapproval of a proposed controlled project of the political subdivision that has been disapproved under IC 6-1.1-29.5 by the county board of tax and capital projects review.**

(b) The executive of a political subdivision may initiate the petition and remonstrance process under this chapter for a proposed controlled project that has been disapproved by the county board of tax and capital projects review by giving notice of the applicability of the petition and remonstrance process as provided in section 3.2(1) of this chapter not more than sixty (60) days after the county board of tax and capital projects review disapproves the proposed controlled project.

(c) Section 3.2 of this chapter applies to a petition and remonstrance process initiated under this section. However, a sufficient petition requesting the application of a petition and remonstrance process is not required to be filed as set forth in section 3.1 of this chapter before the executive of a political subdivision may initiate the petition and remonstrance process as provided in this section.

(d) If the number of owners of real property within the political subdivision and registered voters residing within the political subdivision that sign a petition in favor of the proposed controlled project is greater than the number of owners of real property

within the political subdivision and registered voters residing within the political subdivision that sign a remonstrance against the proposed controlled project, the political subdivision may undertake the proposed controlled project, notwithstanding the disapproval of the proposed controlled project by the county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 33. IC 6-1.1-20-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) When the proper officers of a political subdivision decide to issue bonds in a total amount which exceeds five thousand dollars ($5,000), they shall give notice of the decision by:

(1) posting; and

(2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4. The decision to issue bonds may be a preliminary decision.

(b) **This subsection does not apply to bonds issued for a controlled project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.** Ten (10) or more taxpayers who will be affected by the proposed issuance of the bonds and who wish to object to the issuance on the grounds that it is unnecessary or excessive may file a petition in the office of the auditor of the county in which the political subdivision is located. The petition must be filed within fifteen (15) days after the notice required by subsection (a) is given, and it must contain the objections of the taxpayers and facts which show that the proposed issue is unnecessary or excessive. When taxpayers file a petition in the manner prescribed in this subsection, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department of local government finance.

SECTION 34. IC 6-1.1-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a) This section does not apply to bonds, notes, or warrants issued for a controlled project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.**

(b) When the proper officers of a political subdivision decide to issue any bonds, notes, or warrants which will be payable from property taxes and which will bear interest in excess of eight percent (8%) per annum, the political subdivision shall submit the matter to the department of local government finance for review. The department of local government finance may either approve or disapprove the rate of interest.

SECTION 35. IC 6-1.1-20-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) When the proper officers of a political subdivision decide to issue bonds payable from property taxes to finance a public improvement, they shall adopt an ordinance or resolution which sets forth their determination to issue the bonds. Except as provided in subsection (b), the political subdivision may not advertise for or receive bids for the construction of the improvement until the expiration of the latter of:

(1) the time period within which taxpayers may file a petition for

review of or a remonstrance against the proposed issue; or

(2) the time period during which a petition for review of the proposed issue is pending before the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

(b) **This subsection applies before January 1, 2009.** When a petition for review of a proposed issue is pending before the department of local government finance, the department may order the political subdivision to advertise for and receive bids for the construction of the public improvement. When the department of local government finance issues such an order, the political subdivision shall file a bid report with the department within five (5) days after the bids are received, and the department shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report. Notwithstanding the provisions of this subsection, a political subdivision may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue which is to finance the improvement is pending before the department of local government finance.

(c) This subsection applies after December 31, 2008. When a petition for review of a proposed issue is pending before the county board of tax and capital projects review, the board may order the political subdivision to advertise for and receive bids for the construction of the public improvement. When the county board of tax and capital projects review issues such an order, the political subdivision shall file a bid report with the board within five (5) days after the bids are received, and the board shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report. Notwithstanding the provisions of this subsection, a political subdivision may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue that is to finance the improvement is pending before the county board of tax and capital projects review.

SECTION 36. IC 6-1.1-20.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 20.3. Distressed Political Subdivisions

Sec. 1. As used in this chapter, "circuit breaker board" refers to the circuit breaker relief appeal board established by section 4 of this chapter.

Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision that will have the political subdivision's property tax collections reduced by at least two percent (2%) in a calendar year as a result of the application of the credit under IC 6-1.1-20.6 for that calendar year.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. (a) The circuit breaker relief appeal board is established.

(b) The circuit breaker relief appeal board consists of the following members:

(1) The director of the office of management and budget or the director's designee. The director or the director's designee shall serve as chairperson of the circuit breaker relief appeal board.

(2) The commissioner of the department of local government finance or the commissioner's designee.

(3) The commissioner of the department of state revenue or the commissioner's designee.

(4) The state examiner of the state board of accounts or the state examiner's designee.

(5) The following members appointed by the governor:

(A) One (1) member appointed from nominees submitted by the Indiana Association of Cities and Towns.

(B) One (1) member appointed from nominees submitted by the Association of Indiana Counties.

(C) One (1) member appointed from nominees submitted by the Indiana Association of School Superintendents.

A member nominated and appointed under this subdivision must be an elected official of a political subdivision.

(c) The members appointed under subsection (b)(5) serve at the pleasure of the governor.

(d) Each member of the commission is entitled to reimbursement for:

(1) traveling expenses as provided under IC 4-13-1-4; and

(2) other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 5. (a) The department of local government finance shall provide the circuit breaker board with the staff and assistance that the circuit breaker board reasonably requires.

(b) The department of local government finance shall provide from the department's budget funding to support the circuit breaker board's duties under this chapter.

(c) The circuit breaker board may contract with accountants, financial experts, and other advisors and consultants as necessary to carry out the circuit breaker board's duties under this chapter.

Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body of a county containing a distressed political subdivision (or the fiscal bodies of two (2) or more distressed political subdivisions acting jointly) may petition the circuit breaker board for relief as authorized under this chapter from the application of the credit under IC 6-1.1-20.6 for a calendar year.

(b) A petition under subsection (a) must include a proposed financial plan for political subdivisions in the county. The proposed financial plan must include the following:

(1) Proposed budgets that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.

(2) Proposed efficiencies, consolidations, cost reductions, uses

of alternative or additional revenues, or other actions that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.

(c) The circuit breaker board may adopt procedures governing the timing and required content of a petition under subsection (a).

Sec. 7. (a) If the fiscal body of a county (or the fiscal bodies of two (2) or more distressed political subdivisions acting jointly) submits a petition under section 6 of this chapter, the circuit breaker board shall review the petition and assist in establishing a financial plan for political subdivisions in the county.

(b) In reviewing a petition submitted under section 6 of this chapter, the circuit breaker board:

(1) shall consider:

(A) the proposed financial plan;

(B) comparisons to similarly situated political subdivisions;

(C) the existing revenue and expenditures of political subdivisions in the county; and

(D) any other factor considered relevant by the circuit breaker board; and

(2) may establish subcommittees or temporarily appoint nonvoting members to the circuit breaker board to assist in the review.

Sec. 8. (a) The circuit breaker board may authorize relief as provided in subsection (b) from the application of the credit under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county has adopted a resolution agreeing to the terms of the financial plan.

(b) If the conditions of subsection (a) are satisfied, the circuit breaker board may, notwithstanding IC 6-1.1-20.6, do either of the following:

(1) Increase uniformly in the county the percentage threshold (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 applies to a person's property tax liability.

(2) Provide for a uniform percentage reduction to credits otherwise provided under IC 6-1.1-20.6 in the county.

(c) If the circuit breaker board provides relief described in subsection (b) in a county, the circuit breaker board shall conduct audits and reviews as necessary to determine whether the political subdivisions in the county are abiding by the terms of the financial plan agreed to under subsection (a).

SECTION 37. IC 6-1.1-20.6-6.5, AS ADDED BY P.L.162-2006, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.5. (a) This subsection applies only to property taxes first due and payable after December 31, 2006, and before January 1, ~~2007,~~ **2008,** attributable to qualified residential property located in Lake County. A person is entitled to a credit each calendar year under section 7(a) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's qualified residential property. However, the county fiscal body may, by ordinance adopted before January 1, 2007, limit the application of the credit granted by this subsection to homesteads.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007, and before January 1, 2010. A person is entitled to a credit each calendar year under section 7(a) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to:

(1) the person's qualified residential property, **in the case of a calendar year before 2008; or**

(2) the person's homestead (as defined in IC 6-1.1-20.9-1) property, in the case of a calendar year after 2007 and before 2010.

(c) This subsection applies only to property taxes first due and payable after December 31, 2009. A person is entitled to a credit each calendar year under section 7(b) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property.

SECTION 38. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In the case of a credit authorized under section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to:

(A) the person's qualified residential property located in the county, **in the case of a calendar year before 2008; or**

(B) the person's homestead (as defined in IC 6-1.1-20.9-1) property located in the county, in the case of a calendar year after 2007 and before 2010; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to:

(A) the person's qualified residential property, **in the case of a calendar year before 2008; or**

(B) the person's homestead property, in the case of a calendar year after 2007 and before 2010;

for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property **(in the case of a calendar year before 2008) or the person's homestead property (in the case of a calendar year after 2007 and before 2010)** for property taxes first due and payable in that calendar year, **as adjusted under subsection (c).**

(b) In the case of a credit provided by section 6.5(c) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property located in the county; and

(2) the amount of the credit is ~~the amount by which the person's~~

~~property tax liability attributable to the person's real property and personal property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the real property and personal property for property taxes first due and payable in that calendar year.~~ **equal to the following:**

(A) In the case of property tax liability attributable to the person's homestead property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the homestead property for property taxes first due and payable in that calendar year, as adjusted under subsection (c).

(B) In the case of property tax liability attributable to property other than homestead property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's real property (other than homestead property) and personal property for property taxes first due and payable in that calendar year exceeds three percent (3%) of the gross assessed value that is the basis for determination of property taxes on the real property (other than homestead property) and personal property for property taxes first due and payable in that calendar year, as adjusted under subsection (c).

(c) This subsection applies to property taxes first due and payable after December 31, 2007. The amount of a credit to which a person is entitled under subsection (a) or (b) in a county shall be adjusted as determined in STEP FIVE of the following STEPS:

STEP ONE: Determine the total amount of the person's property tax liability described in subsection (a)(1) or (b)(1) (as applicable) that is for tuition support levy property taxes.

STEP TWO: Determine the total amount of the person's property tax liability described in subsection (a)(1) or (b)(1) (as applicable).

STEP THREE: Determine the result of:

(A) the STEP TWO amount; minus

(B) the STEP ONE amount.

STEP FOUR: Determine the result of:

(A) the STEP THREE amount; divided by

(B) the STEP TWO amount.

STEP FIVE: Multiply the credit to which the person is entitled under subsection (a) or (b) by the STEP FOUR amount.

Notwithstanding any other provision of this chapter, a school corporation's tuition support property tax levy collections may not be reduced because of a credit under this chapter.

SECTION 39. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JANUARY 1, 2008]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

(1) the percentage prescribed in subsection (d); multiplied by

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable to the homestead during the particular calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20%

~~However, the property tax replacement fund board established under IC 6-1.1-21-10 shall increase the percentage of the credit provided in the schedule for any year if the budget agency determines that an increase is necessary to provide the minimum tax relief authorized under IC 6-1.1-21-2.5. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board must increase the percentage of the credit provided in the schedule for that particular year.~~ However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 40. IC 6-1.1-21.2-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) A tax levied under this chapter shall be certified by the department of local government finance to the auditor of the county in which the district is located and shall be:

(1) estimated and entered upon the tax duplicates by the county auditor; and

(2) collected and enforced by the county treasurer;

in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the tax is collected by the county treasurer, it shall be transferred to the governing body and accumulated and kept in the special fund for the allocation area.

(c) A tax levied under this chapter:

(1) is exempt from the levy limitations imposed under IC 6-1.1-18.5; and

(2) is not subject to IC 6-1.1-20.

(d) Notwithstanding any other provision of this chapter or IC 6-1.1-20.6, a governing body may file with the county auditor a certified statement providing that for purposes of computing and applying a credit under IC 6-1.1-20.6 for a particular calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter. The department of local government finance shall adopt the form of the certified statement that a governing body may file under this subsection. The department of local government finance shall establish procedures governing the filing of a certified statement under this subsection. If a governing body files a certified statement under this subsection, then for purposes of computing and applying a credit under IC 6-1.1-20.6 for the specified calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter.

~~(d)~~ **(e)** A tax levied under this chapter and the use of revenues from a tax levied under this chapter by a governing body do not create a constitutional or statutory debt, pledge, or obligation of the governing body, the district, or any unit.

SECTION 41. IC 6-1.1-29-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. **(a)** Except as provided in section 9 of this chapter, each county shall have a county board of tax adjustment composed of seven (7) members. The members of the county board of tax adjustment shall be selected as follows:

(1) The county fiscal body shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(2) Either the executive of the largest city in the county or a public official of any city in the county appointed by that executive shall serve as a member of the board. However, if there is no incorporated city in the county, the fiscal body of the largest incorporated town of the county shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(3) The governing body of the school corporation, located entirely or partially within the county, which has the greatest taxable valuation of any school corporation of the county shall appoint a member of the governing body to serve as a member of the county board of tax adjustment.

(4) The remaining four (4) members of the county board of tax adjustment must be residents of the county and freeholders and shall be appointed by the board of commissioners of the county.

(b) This section expires December 31, 2008.

SECTION 42. IC 6-1.1-29-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.5. (a) On January 1, 2009, there is established in each county a county board of tax and capital projects review. Except as provided by subsections (b)(7), (b)(8), (c)(7), (c)(8), and (e), each member of the board must be an elected official serving on the fiscal body of the taxing unit or the group of taxing units that the individual represents. The board consists of nine (9) members. All members except the county auditor are voting members. However, the county auditor is entitled to vote to break a tie vote.**

(b) This subsection does not apply to a county containing a consolidated city. For a county having at least two (2) cities, at least two (2) towns, and at least two (2) school corporations, the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, excluding a municipality described in subdivision (2).

(5) One (1) individual from the fiscal body of a school corporation within the county (excluding a school corporation described in subdivision (3)), appointed jointly by the fiscal

bodies of the school corporations. The appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county, excluding a town described in subdivision (2).

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-11-2-12.8.

(8) The county auditor.

(c) This subsection does not apply to a county containing a consolidated city. For a county not described in subsection (b), the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, or towns within the county in the case of a county not having any cities. However, a municipality described in subdivision (2) is excluded.

(5) One (1) individual from the fiscal bodies of the school corporations within the county, excluding the school corporation described in subdivision (3), unless that school corporation is the only school corporation within the county. If there is more than one (1) school corporation represented under this subdivision, the appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county. However, a town described in subdivision (2) and a town described in subdivision (4) are excluded.

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-11-2-12.8.

(8) The county auditor.

However, if the county has less than three (3) municipalities, subsection (d), rather than subdivisions (2), (4), and (6), governs the selection of members to represent those municipalities.

(d) If a county is subject to subsection (c) but has less than three (3) municipalities, the members of the board who represent those municipalities are determined in the following manner:

(1) If the county has two (2) municipalities, the members representing those municipalities are two (2) individuals from the fiscal body of the municipality that has the greatest taxable assessed valuation and one (1) individual from the

fiscal body of the other municipality.

(2) If the county has only one (1) municipality, the members representing that municipality are three (3) individuals from the fiscal body of the municipality.

(e) The members of the county board of tax and capital projects review in a county containing a consolidated city are as follows:

(1) One (1) individual appointed by the county executive.

(2) One (1) member appointed by the fiscal body of the largest municipality in the county.

(3) One (1) individual appointed by the executive of the largest municipality in the county.

(4) One (1) individual appointed jointly by the executives of all municipalities in the county (other than the largest municipality in the county).

(5) One (1) individual appointed jointly by the fiscal bodies of all municipalities in the county (other than the largest municipality in the county).

(6) The county auditor.

(7) The fiscal officer of the largest municipality in the county.

(8) One (1) individual from the fiscal body of the largest school corporation in the county.

(9) One (1) individual appointed jointly by the fiscal officers of all municipalities in the county (other than the largest municipality in the county). An individual appointed under this subdivision must be the fiscal officer of a municipality in the county.

(f) Members of a county board of tax and capital projects review shall be appointed or elected as provided in section 2 of this chapter.

(g) For purposes of Article 2, Section 9 of the Constitution of the State of Indiana, membership on a county board of tax and capital projects review is not a lucrative office.

(h) A county board of tax and capital projects review is subject to IC 5-14-1.5 and IC 5-14-3.

SECTION 43. IC 6-1.1-29-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. **(a)** The seven (7) members of the county board of tax adjustment shall be appointed before April 15th of each year, and their appointments shall continue in effect until April 15th of the following year. The four (4) freehold members of the county board of tax adjustment may not be, or have been during the year preceding their appointment, an official or employee of a political subdivision. The four (4) freehold members shall be appointed in such a manner that no more than four (4) of the board members are members of the same political party. **This subsection expires December 31, 2008.**

(b) The following apply, notwithstanding any other provision:

(1) A member may not be appointed to a county board of tax adjustment after December 31, 2008.

(2) The term of a member of a county board of tax adjustment serving on December 31, 2008, expires on December 31, 2008.

(3) Each county board of tax adjustment is abolished on

December 31, 2008.

(c) On or before December 31 of 2008 and each even-numbered year thereafter, each person or entity required to make an appointment to a county board of tax and capital projects review under section 1.5 of this chapter shall make the required appointment or appointments of members who will represent the person or entity on the county board of tax and capital projects review. The appointments take effect January 1 of the following odd-numbered year and continue in effect until December 31 of the following even-numbered year. If a member is to be appointed by one (1) entity, the appointment must be made by a majority vote of the fiscal body in official session. If a member is to be appointed by more than one (1) entity, the appointment must be made by a majority vote of the total members of the entities taken in joint session. If:

(1) a person or entity fails; or

(2) the entities, in the case of a joint appointment, fail;

to make a required appointment of a member by December 31 of an even-numbered year, the county fiscal body shall make the appointment.

(d) This subsection does not apply to a county containing a consolidated city. At the general election in 2008 and every four (4) years thereafter, the voters of each county shall under IC 3-11-2-12.8 elect two (2) individuals who are residents of the county as members of the county board of tax and capital projects review. The term of office of a member elected under this subsection begins January 1 of the year following the member's election and ends December 31 of the fourth year following the member's election. The two (2) members who are elected for a position on the county board of tax and capital projects review are determined as follows:

(1) The members shall be elected on a nonpartisan basis.

(2) Each prospective candidate must file a nomination petition with the county election board not earlier than one hundred four (104) days and not later than noon seventy-four (74) days before the election at which the members are to be elected. The nomination petition must include the following information:

(A) The name of the prospective candidate.

(B) The signatures of at least one hundred (100) registered voters residing in the county.

(C) A certification that the prospective candidate meets the qualifications for candidacy imposed by this chapter.

(3) Only eligible voters residing in the county may vote for a candidate.

(4) The two (2) candidates within the county who receive the greatest number of votes in the county are elected.

(e) A member elected under this section may not be, or have been during the year preceding the member's appointment or election, an officer or employee of a political subdivision.

SECTION 44. IC 6-1.1-29-2.5 IS ADDED TO THE INDIANA

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 2.5. (a) This section applies after December 31, 2008.**

(b) Five (5) members of the county board of tax and capital projects review constitute a quorum.

(c) The county board of tax and capital projects review may adopt rules for the transaction of business at its meetings.

(d) The affirmative votes of at least five (5) members of the county board of tax and capital projects review are required for the board to take action.

(e) The county auditor is the clerk of the county board of tax and capital projects review and shall:

(1) preserve the board's records in the auditor's office;

(2) keep an accurate record of the board's proceedings; and

(3) record the ayes and nays on each vote of the board.

SECTION 45. IC 6-1.1-29-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. **(a)** If a vacancy occurs in the membership of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) with respect to an appointment made by a fiscal body,** the vacancy shall be filled in the same manner provided for the original appointment.

(b) If a vacancy occurs after December 31, 2008, in the membership of the county board of tax and capital projects review with respect to a member elected under section 2(d) of this chapter, the county fiscal body shall appoint an individual to fill the vacancy for the remainder of the term.

SECTION 46. IC 6-1.1-29-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. **(a) Except as provided in subsection (b),** each county board of tax adjustment **(before January 1, 2009) or county board of tax and capital projects review (after December 31, 2008),** except the board for a consolidated city and county and for a county containing a second class city, shall hold its first meeting of each year **for the purpose of reviewing budgets, tax rates, and levies** on September 22 or on the first business day after September 22, if September 22 is not a business day. The board for a consolidated city and county and for a county containing a second class city shall hold its first meeting of each year **for the purpose of reviewing budgets, tax rates, and levies** on the first Wednesday following the adoption of city and county budget, tax rate, and tax levy ordinances. The board shall hold the ~~first~~ meeting at the office of the county auditor. At the first meeting of each year, the board shall elect a chairman and a vice-chairman. After ~~the first~~ **this** meeting, the board shall continue to meet from day to day **at any convenient place** until its business is completed. However, the board must, **except as provided in subsection (b),** complete its duties on or before the date prescribed in IC 6-1.1-17-9(a). ~~After the first meeting, the board may hold subsequent meetings at any convenient place.~~

(b) This section does not limit the ability of the county board of tax and capital projects review to meet after December 31, 2008, at any time during a year to carry out its duties under IC 6-1.1-29.5.

SECTION 47. IC 6-1.1-29-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The county auditor shall serve as clerk of the county board of tax adjustment. The clerk shall keep a complete record of all the board's proceedings. The clerk may not vote on matters before the board. **This section expires December 31, 2008.**

SECTION 48. IC 6-1.1-29-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. **(a)** The four (4) freehold members of the county board of tax adjustment shall receive compensation on a per diem basis for each day of actual service. The rate of this compensation is the same as the rate that the freehold members of the county property tax assessment board of appeals of that county receive. The county auditor shall keep an attendance record of each meeting of the county board of tax adjustment. At the close of each annual session, the county auditor shall certify to the county board of commissioners the number of days actually served by each freehold member. The county board of commissioners may not allow claims for service on the county board of tax adjustment for more days than the number of days certified by the county auditor. **This subsection expires December 31, 2008.**

(b) A member of the county board of tax and capital projects review who is elected under section 1.5 of this chapter shall receive compensation from the county on a per diem basis for each day of actual service on the board. The rate of the compensation is equal to the rate that members of the county property tax assessment board of appeals in the county receive under IC 6-1.1-28-3. The county auditor shall keep an attendance record of each meeting of the county board of tax and capital projects review. The county auditor shall certify to the county executive the number of days actually served by each elected member. The county executive may not allow claims for service on the county board of tax and capital projects review for more days than the number of days certified by the county auditor. Appointed members of the county board of tax and capital projects review are not entitled to per diem compensation.

SECTION 49. IC 6-1.1-29-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may require an official of a political subdivision of the county to appear before the board. In addition, the board may require such an official to provide the board with information which is related to the budget, tax rate, or tax levy of the political subdivision.

SECTION 50. IC 6-1.1-29-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may employ an examiner of the state board of accounts to assist the county board with its duties. If the board desires to employ an examiner, it shall adopt a resolution which states the number of days that the examiner is to serve, when the county board files a copy of the resolution with the chief examiner of the state board of accounts, the state board of accounts shall assign an examiner to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** for the number of days stated in the resolution. When an examiner of the state board of accounts is employed by a county board of tax adjustment **(before January 1, 2009) or a county board of tax and capital projects review (after December 31, 2008)** under this section, the county shall pay the expenses related to ~~his~~ **the examiner's** services in the same manner that expenses are to be paid under IC ~~1971,~~ 5-11-4-3.

SECTION 51. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) **This subsection expires December 31, 2008.** A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) This subsection applies after December 31, 2008. Subject to subsection (e), a county board of tax and capital projects review may not review or modify tax rates, tax levies, and budgets if the county council:

(1) adopts an ordinance to abolish the county board of tax adjustment before January 1, 2009; or

(2) adopts an ordinance before July 2 of any year to prohibit the county board of tax and capital projects review from carrying out such reviews.

An ordinance described in this subsection may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19, IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted and has not been rescinded, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax and capital projects review. If an ordinance described in subdivision (1) or (2) has been adopted in a county and has not been rescinded, the county board of tax and capital projects review may not review tax rates, tax levies, and budgets (other than for capital projects) under IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6, IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11, IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 6-1.1-29-4(a), IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19, IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or IC 36-9-13.

~~(b)~~ **(c)** The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

~~(c)~~ **(d) If an ordinance described in subsection (a) or (b) is adopted and has not been rescinded,** a tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

(e) This section does not prohibit a county board of tax and capital projects review from reviewing tax rates, tax levies, and budgets for informational purposes as necessary to carry out its duties under IC 6-1.1-29.5.

SECTION 52. IC 6-1.1-29.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 29.5. Capital Projects Review

Sec. 0.5. This chapter applies only to a capital project that meets both of the following conditions:

(1) The capital project is a controlled project (as defined in IC 6-1.1-20-1.1), except as provided in subdivision (2).

(2) Notwithstanding IC 6-1.1-20-1.1(2), the capital project will cost the political subdivision more than seven million dollars ($7,000,000).

Sec. 1. (a) As used in this chapter, "capital project" means any:

(1) acquisition of land;

(2) site improvements;

(3) infrastructure improvements;

(4) construction of buildings or structures;

(5) rehabilitation, renovation, or enlargement of buildings or structures; or

(6) acquisition or improvement of machinery, equipment, furnishings, or facilities required for the operation of buildings, structures, or infrastructure;

(or any combination of subdivisions (1) through (6)) by a political subdivision.

(b) The term does not include projects for the construction, reconstruction, improvement, enlargement, extension, or maintenance of any of the following:

(1) Wastewater treatment.

(2) Sewer systems, including storm water management.

(3) Water storage, water distribution (including water lines), and other drinking water systems.

(4) Water management or water supply.

(5) Drainage or flood control.

(6) Any works (as defined in IC 13-11-2-269(1)) for a water project.

(7) Any works (as defined in IC 13-11-2-269(2)) for a sewage project.

(8) Highways or roads.

(9) Bridges.

(10) Any other water project, sewer project, bridge project, or

highway or road project.

Sec. 2. As used in this chapter, "fiscal body" has the meaning set forth in IC 36-1-2-6.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. As used in this chapter, "review board" refers to the county board of tax and capital projects review established in a county under IC 6-1.1-29.

Sec. 5. (a) The fiscal body of each political subdivision shall do the following:

(1) After January 1 and before October 1 of 2009 and every two (2) years thereafter:

(A) hold a public hearing on a proposed capital projects plan for the political subdivision; and

(B) adopt a capital projects plan by ordinance or resolution.

(2) Submit a copy of the capital projects plan and the ordinance or resolution to the review board not later than fifteen (15) days following the adoption of the capital projects plan.

(b) If a political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the capital projects plan and the ordinance or resolution to the review board of each county in which the political subdivision contains territory.

Sec. 6. (a) The department of local government finance shall by rule prescribe the format of a capital projects plan. A capital projects plan must apply to at least the five (5) years immediately following the year the capital projects plan is adopted and must include the following components for each year covered by the capital projects plan:

(1) A general description of the political subdivision.

(2) A description of facilities owned by the political subdivision and the use of the facilities.

(3) The location and general description of each proposed capital project and the intended use of each proposed capital project.

(4) The estimated total cost of each proposed capital project.

(5) Identification of all sources of funds expected to be used for each proposed capital project.

(6) The planning, development, and construction schedule of each proposed capital project.

(7) Any other element required by the department of local government finance.

(b) The department of local government finance shall by rule establish a procedure for amendment of a capital projects plan in the case of an emergency.

Sec. 7. Before a public hearing on a proposed capital projects plan is held by the fiscal body of a political subdivision under section 5(a)(1) of this chapter, the fiscal body shall publish a summary of the proposed capital projects plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

Sec. 8. When the fiscal body of a political subdivision holds a public hearing on a proposed capital projects plan under section 5(a)(1) of this chapter, the fiscal body shall allow the public the opportunity to testify concerning the proposed capital projects plan. However, the fiscal body may limit testimony at the public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 9. (a) The review board shall hold a public hearing on a proposed capital projects plan submitted by a political subdivision. The review board shall allow the public the opportunity to testify concerning the proposed capital projects plan.

(b) The review board shall provide the fiscal body of a political subdivision with a written report concerning the review board's findings and recommendations concerning the fiscal body's capital projects plan not more than sixty (60) business days after the review board's receipt of the capital projects plan.

(c) If the fiscal body of a political subdivision receives a written report under subsection (b) that makes a recommendation against an element included in the political subdivision's capital projects plan, the political subdivision may retain that element in the capital projects plan only if the fiscal body at a public meeting addresses the review board's concerns and enters into the record of the public meeting an explanation of why that element should be retained in the capital projects plan.

Sec. 10. (a) The fiscal body of a political subdivision that intends to construct, acquire, or carry out a capital project subject to this chapter:

(1) must submit the plan of the capital project to the review board in the manner provided by this chapter; and

(2) except as provided in section 14 of this chapter, may not:

(A) begin construction or acquisition of the capital project;

(B) enter into contracts for the construction or acquisition of the capital project;

(C) procure supplies necessary for construction or acquisition of the capital project;

(D) issue bonds, notes, or warrants, or otherwise borrow money for the capital project;

(E) enter into a lease or other agreement that would provide debt service for bonds or other obligations issued by the political subdivision or another entity to finance the capital project; or

(F) approve any of the actions described in clauses (A) through (E) by another entity;

unless the review board approves the capital project under section 13 of this chapter.

(b) If a political subdivision contains territory in more than one (1) county, the fiscal body of the political subdivision must submit the proposed capital project to the review board of each of those counties.

(c) The fiscal body of a political subdivision may not artificially divide a capital project into multiple capital projects in order to

avoid the requirements of this section.

Sec. 11. (a) Before the fiscal body of a political subdivision may submit a capital project described in section 10 of this chapter to the review board, the fiscal body shall:

(1) hold a public hearing on the proposed capital project; and

(2) prepare a feasibility study that supports the scope and cost of the proposed capital project.

Before a public hearing on a proposed capital project is held by the fiscal body of a political subdivision under this section, the fiscal body shall publish a description of the proposed capital project and a notice of the hearing in accordance with IC 5-3-1-2(b).

(b) The fiscal body of a political subdivision may consider multiple capital projects at a public hearing held under this section.

(c) When the fiscal body of a political subdivision holds a public hearing under this section, the fiscal body shall allow any person an opportunity to be heard in the presence of others who are present to testify with respect to the proposed capital project. However, the fiscal body may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

(d) After holding a public hearing under this section and considering all information submitted by persons testifying at the hearing, the fiscal body of a political subdivision may adopt an ordinance or resolution requesting approval of the proposed capital project by the review board. The fiscal body shall immediately transmit a copy of the ordinance or resolution to the review board. If the political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the ordinance or resolution to the review board of each of those counties.

Sec. 12. (a) Before taking action on a request for approval of a proposed capital project described in section 10 of this chapter, a review board must conduct a public hearing on the proposed project. If a public hearing is scheduled under this section, the review board shall publish a description of the proposed capital project and a notice of the hearing in accordance with IC 5-3-1-2(b).

(b) The review board may consider multiple capital projects at a public hearing held under this section.

(c) The review board may require the fiscal body of a political subdivision that submits a request for approval of a capital project to provide plans, specifications, cost estimates, estimated impacts on tax rates, and other relevant information concerning that project.

(d) When a review board holds a public hearing under this section, the review board shall allow the public an opportunity to testify concerning the proposed capital project. However, the review board may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 13. (a) After considering all information submitted at the hearing under section 12 of this chapter by the fiscal body of the

political subdivision and by persons testifying at the hearing, the review board may approve or disapprove a proposed capital project. The review board may consider the following factors when reviewing a proposed capital project:

(1) The age, condition, and adequacy of existing facilities.

(2) The cost per square foot of the proposed capital project.

(3) The relative priority the proposed capital project should have among other capital projects proposed within the county.

(4) The estimated impact the proposed capital project would have on tax rates.

(5) Any other factors considered pertinent by the review board.

(b) A review board may not disapprove a proposed capital project that is required by a court order.

(c) If a review board does not issue a decision with respect to a proposed capital project within ninety (90) days after the review board's receipt of the plan of the capital project under section 11 of this chapter, the capital project is considered approved by the review board as submitted.

(d) If a proposed capital project is submitted to the review boards of two (2) or more counties as required by section 10(b) of this chapter and the project is disapproved by any of the review boards, the project is considered to be disapproved.

(e) All orders of the review board under this section shall be filed with the affected political subdivision and with the department of local government finance.

Sec. 14. If the review board disapproves a capital project under section 13 of this chapter, the political subdivision that proposed the project may take any action under section 10(a)(2) of this chapter with regard to the capital project if:

(1) not more than sixty (60) days after the review board's disapproval, the political subdivision initiates the petition and remonstrance process under IC 6-1.1-20-3.4; and

(2) the capital project is approved in the petition and remonstrance process under IC 6-1.1-20.

SECTION 53. IC 6-2.5-5-8, AS AMENDED BY SEA 500-2007, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) As used in this section, "new motor vehicle" has the meaning set forth in IC 9-13-2-111.

(b) Transactions involving tangible personal property other than a new motor vehicle are exempt from the state gross retail tax if the person acquiring the property acquires it for resale, rental, or leasing in the ordinary course of the person's business without changing the form of the property.

(c) The following transactions involving a new motor vehicle are exempt from the state gross retail tax:

(1) A transaction in which a person that has a franchise in effect at the time of the transaction for the vehicle trade name, trade or service mark, or related characteristics acquires a new motor vehicle for resale, rental, or leasing in the ordinary course of the

person's business.

(2) A transaction in which a person that is a franchisee appointed by a manufacturer or converter manufacturer licensed under IC 9-23 acquires a new motor vehicle that has at least one (1) trade name, service mark, or related characteristic as a result of modification or further manufacture by the manufacturer or converter manufacturer for resale, rental, or leasing in the ordinary course of the person's business.

(3) A transaction in which a person acquires a new motor vehicle for rental or leasing in the ordinary course of the person's business.

(d) The rental or leasing of accommodations to a promoter by a political subdivision (including a capital improvement board) or the state fair commission is not exempt from the state gross retail tax, if the rental or leasing of the property by the promoter is exempt under IC 6-2.5-4-4.

(e) This subsection applies only after June 30, 2008. A transaction in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business is not exempt from the state gross retail tax unless the person establishes, under guidelines adopted by the department in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules, that the annual amount of the lease revenue derived from leasing the aircraft is equal to or greater than:

(1) ten percent (10%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was less than one million dollars ($1,000,000); or

(2) seven and five-tenths percent (7.5%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was at least one million dollars ($1,000,000).

SECTION 54. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.3, 2.5, **2.6,** 2.7, 2.8, 2.9, 3.3, 3.5, ~~or~~ 3.6, **24, 25, or 26** of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The ________ County Council imposes the county adjusted gross income tax on the county taxpayers of ________ County. The county adjusted gross income tax is imposed at a rate of _____ percent (_____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect ~~July~~ **October** 1 of this year.".

(d) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 55. IC 6-3.5-1.1-2.3, AS ADDED BY P.L.162-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

(1) finance, construct, acquire, improve, renovate, or equip:

(A) jail facilities;

(B) juvenile court, detention, and probation facilities;

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

located in the county, including costs related to the demolition of existing buildings and the acquisition of land; and

(2) repay bonds issued or leases entered into for the purposes described in subdivision (1).

(c) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to operate or maintain any of the facilities described in subsection (b)(1)(A) through (b)(1)(D) that are located in the county. The county council may make a determination under both this subsection and subsection (b).

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

(1) fifteen-hundredths percent (0.15%);

(2) two-tenths percent (0.2%); or

(3) twenty-five hundredths percent (0.25%);

on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

(1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed; and

(2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) An ordinance adopted under this section before ~~June 1, 2006, or April~~ **August** 1 in a ~~subsequent~~ year applies to the imposition of county income taxes after ~~June~~ **September** 30 in that year. An ordinance adopted under this section after ~~May 31, 2006, and March~~ **July** 31 of a ~~subsequent~~ year initially applies to the imposition of county option income taxes after ~~June~~ **September** 30 of the immediately following year.

(g) The tax imposed under this section may be imposed only until the latest of the following:

(1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.

(2) The date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid.

(3) The date on which an ordinance adopted under subsection (c) is rescinded.

(h) The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty (20) years.

(i) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the criminal justice facilities revenue fund before making a certified distribution under section 11 of this chapter.

(j) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued or leases entered into for any or all the purposes described in subsection (b).

(k) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (i) after the tax imposed by this section is terminated under ~~subsection (f)~~ **subsection (g)** shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

SECTION 56. IC 6-3.5-1.1-2.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.6. (a) This section applies to Parke County.**

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

(1) fund the costs (including pre-trial costs) of a capital trial that has been moved to another county for trial; and

(2) to repay money borrowed for the purpose described in subdivision (1).

(c) In addition to the rates permitted by section 2 of this chapter, if the county council makes a determination described in subsection (b), the county council may by ordinance impose the county adjusted gross income tax at a rate not to exceed the lesser of:

(1) a rate necessary to carry out the purposes of subsection (b); or

(2) twenty-five hundredths percent (0.25%);

on the adjusted gross income of county taxpayers.

(d) The tax imposed under this section may be imposed only until the later of the following:

(1) The date on which the costs described in subsection (b), including the repayment of money borrowed for the purposes described in subsection (b), are fully paid.

(2) The date on which an ordinance adopted under subsection (c) is rescinded.

(e) The term of any borrowing described in subsection (b)(2) may not exceed three (3) years.

(f) The county treasurer shall establish a capital trial revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the capital trial revenue fund before making a certified distribution under section 11 of this chapter.

(g) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged for the payment of costs described in subsection (b).

(h) Notwithstanding any other law, money remaining in the

capital trial revenue fund established under subsection (f) after the tax imposed by this section is terminated under subsection (d) shall be transferred to the county general fund to be used for criminal justice costs.

SECTION 57. IC 6-3.5-1.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The county council may increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To increase the rate, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The ________ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from ________ percent (___%) to _______ percent (___%). This tax rate increase takes effect ~~July~~ **October** 1 of this year.".

(b) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 58. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) The county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The ________ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate decrease takes effect ~~July~~ **October** 1 of this year.".

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) Notwithstanding IC 6-3.5-7, and except as provided in subsection (f), a county council that decreases the county adjusted gross income tax rate in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

SECTION 59. IC 6-3.5-1.1-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This section applies only to a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000).

(b) The county council of a county described in subsection (a) may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of a jail and justice center.

(c) Notwithstanding section 2 of this chapter, if the county council adopts an ordinance under subsection (b), the county council may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) on adjusted gross income. However, a county may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for only eight (8) years. After the county has imposed the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for eight (8) years, the rate is reduced to one percent (1%). If the county council imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%), the county council may decrease the rate or rescind the tax in the manner provided under this chapter.

(d) If a county imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) under this section, the revenue derived from a tax rate of three-tenths percent (0.3%) on adjusted gross income:

(1) shall be paid to the county treasurer;

(2) may be used only to pay the costs of operating and maintaining a jail and justice center; and

(3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy.

~~(e) Notwithstanding section 3 of this chapter, the county fiscal body may adopt an ordinance under this section before June 1.~~

SECTION 60. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~June~~ **August** 1 of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

SECTION 61. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), ~~and~~ (g), **and (h).** The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that**

is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

(1) initially imposes the county adjusted gross income tax; or

(2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

SECTION 62. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006, SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the *calendar* year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or ~~IC 6-1.1-19-1.7.~~ *IC 20-44-3.* Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

~~(1)~~ *(2)* revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ *(3)* revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, *operating, or maintaining* facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ *(4)* revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ *(5)* revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ *(6)* revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

(7) revenue under section 2.6 of this chapter; or

(8) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b) **and sections 24, 25, and 26 of this chapter,** the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 63. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

~~(1)~~ *(2)* revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ *(3)* revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, *operating, or maintaining* facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ *(4)* revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ *(5)* revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ *(6)* revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

COUNTY ADJUSTED GROSS INCOME TAX RATE	PROPERTY TAX REPLACEMENT CREDITS	CERTIFIED SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 64. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

(1) the allocation amount of the civil taxing unit for that calendar year; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

(B) the sum of the attributed allocation amounts of all the civil taxing units of the county during that calendar year.

STEP TWO: Multiply the part of the county's certified distribution that is to be used as certified shares by the STEP ONE amount.

(c) The local government tax control board established by IC 6-1.1-18.5-11 **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (a)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 65. IC 6-3.5-1.1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter **(other than tax revenue attributable to a tax rate under section 24, 25, or 26 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 66. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county council first imposes a tax rate under this section.

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county council increases a tax rate under this section.

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in a which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o).

(n) A pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 67. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 25. (a) As used in this section, "public safety" refers to the following:**

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Medical and health expenses for jail inmates and other confined persons.

(13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) If a county council has imposed a tax rate under section 24 of this chapter and has imposed a tax rate under section 26 of this chapter, the county council may also adopt an ordinance to impose

an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may not exceed the lesser of:

(A) twenty-five hundredths of one percent (0.25%); or

(B) the tax rate imposed under section 26 of this chapter.

(d) If a county council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county. The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county or municipality for the calendar year; divided by

(B) the sum of the attributed allocation amounts of the county and each municipality in the county for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 24 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 68. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.**

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be

applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 69. IC 6-3.5-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 1.5. Calculation of Levy Freeze Amounts

Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year,

jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 for the current calendar year.

STEP THREE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services property tax levy that will be imposed by the county under IC 12-19-7.5-6 for the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) for the ensuing calendar year); minus

(2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health

centers property tax levy under IC 12-29-2-2 for the current calendar year.

(b) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the department of state revenue shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the department of state revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(c) The department and the department of local government finance shall make the calculations under subsections (a) and (b) based on the best information available at the time the calculation is made.

(d) For purposes of calculating a tax rate under this section, the department of local government shall round up to the nearest one-tenth of one percent (0.1%).

Sec. 2. The department of local government finance shall, before July 1 of each year, certify the amount calculated for a county under section 1 of this chapter to the county auditor.

Sec. 3. The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this chapter.

SECTION 70. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective ~~July~~ **October** 1 of that same year.

(b) **Except as provided in sections 30, 31, and 32 of this chapter,** the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____________ County Income Tax Council imposes the county option income tax on the county taxpayers of _____________ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect ~~July~~ **October** 1 of this year.".

(d) **Except as provided in sections 30, 31, and 32 of this chapter,** if the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding ~~July~~ **October** 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 71. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on ~~January 1~~ **March 31** of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), ~~then~~ **excluding a tax rate imposed under section 30, 31, or 32 of this chapter,** the county income tax council of that county may after ~~January 1~~ **March 31** and before ~~April~~ **August** 1 of that year pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one tenth of one percent (0.1%) each succeeding ~~July~~ **October** 1 until its rate reaches a maximum of one percent (1%), **excluding a tax rate imposed under section 30, 31, or 32 of this chapter.**

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 72. IC 6-3.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax in its county on ~~July~~ **October** 1 of that year and the county option income tax council of the county adopts an ordinance to impose the county option income tax in the county on ~~July~~ **October** 1 of that year, the county option income tax takes effect in that county and the county adjusted gross income tax shall not take effect in that county.

SECTION 73. IC 6-3.5-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) This section does not apply to a tax rate imposed under section 30 of this chapter.**

~~(a)~~ **(b)** The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on ~~January 1~~ **March 31** of a year.

~~(b)~~ **(c)** To freeze the county option income tax rates, a county income tax council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The __________ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on ~~January 1~~ **March 31** of the current year.".

~~(c)~~ **(d)** An ordinance adopted under the authority of this section remains in effect until rescinded. The county income tax council may rescind such an ordinance after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of any calendar year. Such an ordinance shall take effect ~~July~~ **October** 1 of that same calendar year.

~~(d)~~ **(e)** If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.01%) until:

(1) the tax rate is again frozen under another ordinance adopted under this section; or

(2) the tax rate equals six tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six tenths of one percent (0.6%)).

~~(e)~~ **(f)** The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 74. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 75. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year. The ordinance must substantially state the following:

"The ______________ County Income Tax Council decreases the county option income tax rate from __________ percent (___ %) to __________ percent (___ %). This ordinance takes effect ~~July~~ **October** 1 of this year.".

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect ~~July~~ **October** 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

SECTION 76. IC 6-3.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after ~~January 1~~ **March 31** but before ~~June~~ **August** 1 of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 77. IC 6-3.5-6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's county option income tax rate for that county and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede ~~July~~ **October** 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow ~~June~~ **September** 30 by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

SECTION 78. IC 6-3.5-6-17, AS AMENDED BY P.L.207-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~ (e), **and (f).** The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable**

to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed the county option income tax; or

(2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

~~(f)~~ **(g)** One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

~~(g)~~ **(h)** Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

~~(h)~~ **(i)** All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 79. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006, SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
(4) make payments permitted under IC 36-7-15.1-17.5;
(5) make payments permitted under subsection (i);
(6) make distributions of distributive shares to the civil taxing units of a county; and
(7) make the distributions permitted under ~~section~~ *sections 27, 28,* ~~*and*~~ 29, **30, 31, 32, and 33** of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and
(2) the amount of an additional tax rate imposed under section *27, 28,* ~~*or*~~ 29, **30, 31, 32, or 33** of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive

shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 80. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this ~~chapter~~ **section** and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose ~~the~~ **a** county option income tax at a rate ~~of~~ **that does not exceed** twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers. ~~if~~ **The tax rate may be adopted in any increment of one hundredth percent (0.01%). Before** the county fiscal body ~~makes~~ **may adopt a tax rate under this section, the county fiscal body must make** the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional **tax** rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, or both; and

(2) agreeing to freeze the part of any property tax levy imposed in the county for the operation of the jail or juvenile detention center, or both, covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section for the term in which an ordinance is in effect under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before April 1 in a year applies to the imposition of county income taxes after June 30 in that year. An ordinance adopted under this section after March 31 of a year initially applies to the imposition of county option income taxes after June 30 of the immediately following year.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

(j) The department shall separately designate a tax rate imposed under this section in any tax form as the Howard County jail operating and maintenance income tax.

SECTION 81. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006, SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

(1) maintaining low property tax rates is essential to economic development; and

(2) the use of additional county option income tax revenues as provided in this section, rather than the use of property taxes, to fund:

(A) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(B) the repayment of bonds issued or leases entered into for the purposes described in clause (A), except operation or maintenance;

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

(1) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(2) the repayment of bonds issued or leases entered into for the purposes described in subdivision (1), except operation or maintenance.

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department. An ordinance adopted under this section before June 1, 2006, or ~~April~~ **August** 1 in a subsequent year applies to the imposition of county income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** in that year. An ordinance adopted under this section after May 31, 2006, ~~*and*~~ *or* ~~March~~ **July** 31 of a subsequent year initially applies to the imposition of county option income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** of the immediately following year.

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(f) County option income tax revenues derived from an additional tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

(g) If the county imposes an additional tax rate under this section, the department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of the county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts the increased tax rate and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 82. IC 6-3.5-6-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax revenues under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 83. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county income tax council first imposes a tax rate under this section.

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated city, two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county income tax council increases a tax rate under this section.

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this

section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section, the county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third (1/3) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) A pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the

department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(r) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 84. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 31. (a) As used in this section, "public safety" refers to the following:**

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Medical and health expenses for jail inmates and other

confined persons.

(13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

(1) the county income tax council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or

(2) the county income tax council has imposed a tax rate under section 30 of this chapter and has also imposed a tax rate under section 32 of this chapter, in the case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.

(2) The lesser of:

(A) twenty-five hundredths of one percent (0.25%); or

(B) the tax rate imposed under section 32 of this chapter;

in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county. The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality in the county for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(k) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 85. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.**

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased,

decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to civil taxing units and school corporations in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax

replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(g) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section.

SECTION 86. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE

AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 33. (a) This section applies only to Monroe County.**

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and

(2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before August 1 in a year applies to the imposition of county income taxes after September 30 in that year. An ordinance adopted under this section after July 31 of a year initially applies to the imposition of county option income taxes after September 30 of the immediately following year.

(f) The county treasurer shall establish a county juvenile detention center revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county juvenile detention center revenue fund before a certified distribution is made under section 18 of this

chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement made under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 87. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006, SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on ~~January 1~~ **March 31** of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on ~~January 1~~ **March 31** of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r), the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

(2) two-tenths percent (0.2%);

(3) twenty-five hundredths percent (0.25%);

(4) three-tenths percent (0.3%);

(5) thirty-five hundredths percent (0.35%);

(6) four-tenths percent (0.4%);

(7) forty-five hundredths percent (0.45%); or

(8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~*or*~~ (s), ~~*or*~~ *(v),* **(w), or (x),** the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), ~~or~~ (u), **(w), or (x),** the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The ________ County _________ imposes the county economic development income tax on the county taxpayers of _________ County. The county economic development income tax is imposed at a rate of _________ percent (____%) on the county taxpayers of the county. This tax takes effect ~~July~~ **October** 1 of this year.".

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred

(71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) *or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county,* resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Scott County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(v) This subsection applies to Jasper County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

SECTION 88. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The ________ County __________ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate increase (decrease) takes effect ~~July~~ **October** 1 of this year.".

(b) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 89. IC 6-3.5-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county economic development income tax imposed under this chapter remains in effect until rescinded.

(b) Subject to section 14 of this chapter, the body imposing the county economic development income tax may rescind the tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 90. IC 6-3.5-7-25, AS AMENDED BY P.L.199-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after ~~January 1~~ **March 31** but before ~~June~~ **August** 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;

(2) must specify the calendar years to which the ordinance applies; and

(3) must specify that the certified distribution must be used to provide for:

(A) uniformly applied increased homestead credits as provided in subsection (f); or

(B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (i); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

(1) an ordinance under subsection (c); and

(2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.

SECTION 91. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.

(4) "Residential" refers to the following:

(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9.

(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied increased homestead credits as provided in subsection (f).

(B) Uniformly applied increased residential credits as provided in subsection (g).

(C) Allocated increased homestead credits as provided in subsection (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform increased residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which an increased homestead credit percentage is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit percentage for the year;

(2) the amount of uniformly applied residential property tax

replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of residential property tax replacement credit that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The increased percentage of homestead credit determined by the county auditor under subsection (f) or the increased percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(i) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) except as provided in subsection (l), an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(j) If the imposing entity specifies the application of allocated increased residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (l), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school

corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 92. IC 6-3.5-7-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

(B) applies to an action commenced before January 1, 2003; and

(C) requires the county to comply with the federal Americans with Disabilities Act; and

(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one of the highest unemployment rates in Indiana. Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:

(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;

(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and

(3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall immediately send a certified copy of the ordinance to the department by certified mail. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding section 5 of this chapter, an ordinance may be adopted under this section at any time. If the ordinance is adopted before ~~June~~ **August** 1 of a year, a tax rate imposed under this section takes effect ~~July~~ **October** 1 of that year. If the ordinance is adopted after ~~May~~ **July** 31 of a year, a tax rate imposed under this section takes effect on the ~~January~~ **October** 1 immediately following adoption of the ordinance.

(i) For a county adopting an ordinance before June 1 in a year, in determining the certified distribution under section 11 of this chapter for the calendar year beginning with the immediately following January 1 and each calendar year thereafter, the department shall take into account the certified ordinance mailed to the department under subsection (e). For a county adopting an ordinance after May 31, the department shall issue an initial or a revised certified distribution for the calendar year beginning with the immediately following January 1. Except for a county adopting an ordinance after May 31, a county's certified distribution shall be distributed on the dates specified under section 16 of this chapter. In the case of a county adopting an ordinance after May 31, the county, beginning with the calendar year beginning on the immediately following January 1, shall receive the entire certified distribution for the calendar year on November 1 of the year.

(j) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section and deposited into the county facilities revenue fund or any other revenues of the county may be deposited into a nonreverting fund of the county to be used for operating costs of the courthouse facilities, juvenile detention facilities, or related facilities. Amounts in the county nonreverting fund may not be used by the department of local government finance to reduce the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

SECTION 93. IC 6-9-2.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county council may levy tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel, motel, inn, tourist camp, or tourist cabin located in a county described in section 1 of this chapter. Such tax shall not exceed the rate of ~~six~~ **eight** percent ~~(6%)~~ **(8%)** on the gross income derived from lodging income only and shall be in addition to the state gross retail tax imposed on such persons by IC 6-2.5.

(b) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected pursuant to IC 6-2.5.

(c) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section except to the extent such provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. Specifically and not in limitation of the foregoing sentence, the terms "person" and "gross income" shall have the same meaning in this section as they have in IC 6-2.5. If the tax is paid to the department of state revenue, the returns to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule or regulation, determine.

(d) If the tax is paid to the department of state revenue, the amounts received from such tax shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

(e) The tax imposed under subsection (a) does not apply to the renting or furnishing of rooms, lodgings, or accommodations to a person for a period of thirty (30) days or more.

SECTION 94. IC 6-9-2.5-7.5, AS AMENDED BY P.L.168-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7.5. (a) The county treasurer shall establish a tourism capital improvement fund.

(b) The county treasurer shall deposit money in the tourism capital improvement fund as follows:

~~(1) Before January 1, 2000, if the rate set under section 6 of this chapter is greater than two percent (2%), the county treasurer shall deposit in the tourism capital improvement fund an amount equal to the money received under section 6 of this chapter minus the amount generated by a two percent (2%) rate.~~

~~(2) After December 31, 1999, and before January 1, 2003, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a one percent (1%) rate.~~

~~(3) After December 31, 2002, and~~ **(1)** Before January 1, 2010, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~one~~ **three** and one-half percent ~~(1.5%)~~ **(3.5%)** rate.

~~(4)~~ **(2)** After December 31, 2009, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~two~~ **four** and one-half percent ~~(2.5%)~~ **(4.5%)** rate.

(c) The commission may transfer money in the tourism capital improvement fund to:

(1) the county government, a city government, or a separate body corporate and politic in a county described in section 1 of this chapter; or

(2) any Indiana nonprofit corporation;

for the purpose of making capital improvements in the county that promote conventions, tourism, or recreation. The commission may transfer money under this section only after approving the transfer. Transfers shall be made quarterly or less frequently under this section.

SECTION 95. IC 6-9-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The tax imposed by section 2 of this chapter shall be at the rate of ~~six~~ **seven** percent ~~(6%)~~ **(7%)** on the gross income derived from lodging income only.

(b) At least ~~one-sixth (1/6)~~ **two-sevenths (2/7)** of the tax proceeds paid to the capital improvement board of managers under this chapter must be used to provide grants to the convention and visitor bureau in the county to be used solely for the purpose of the development and promotion of the tourism and convention industry within the county.

(c) The capital improvement board of managers may establish budgetary requirements for the convention and visitors bureau. If the convention and visitors bureau fails to conform, the board may elect to suspend funding until the bureau complies.

SECTION 96. IC 8-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The annual operating budget of a toll road authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 97. IC 8-22-3.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An authority that is located in a:

(1) city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

(2) county having a population of more than one hundred five thousand (105,000) but less than one hundred ten thousand (110,000); or

(3) county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000);

may enter into a lease of an airport project with a lessor for a term not to exceed fifty (50) years and the lease may provide for payments to be made by the airport authority from property taxes levied under IC 8-22-3-17, taxes allocated under IC 8-22-3.5-9, any other revenues available to the airport authority, or any combination of these sources.

(b) A lease may provide that payments by the authority to the lessor are required only to the extent and only for the period that the lessor is able to provide the leased facilities in accordance with the lease. The terms of each lease must be based upon the value of the facilities leased and may not create a debt of the authority or the eligible entity for purposes of the Constitution of the State of Indiana.

(c) A lease may be entered into by the authority only after a public hearing by the board at which all interested parties are provided the opportunity to be heard. After the public hearing, the board may adopt an ordinance authorizing the execution of the lease if it finds that the service to be provided throughout the term of the lease will serve the public purpose of the authority and is in the best interest of the residents of the authority district.

(d) Upon execution of a lease providing for payments by the authority in whole or in part from the levy of property taxes under IC 8-22-3-17, the board shall publish notice of the execution of the lease and its approval in accordance with IC 5-3-1. Fifty (50) or more taxpayers residing in the authority district who will be affected by the lease and who may be of the opinion that no necessity exists for the execution of the lease or that the payments provided for in the lease are not fair and reasonable may file a petition in the office of the county auditor within thirty (30) days after the publication of the notice of execution and approval. The petition must set forth the petitioners' names, addresses, and objections to the lease and the facts showing that the execution of the lease is unnecessary or unwise or that the payments provided for in the lease are not fair and reasonable, as the case may be.

(e) Upon the filing of a petition under subsection (d), the county auditor shall immediately certify a copy of the petition, together with any other data necessary to present the questions involved, to the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).** Upon receipt of the certified petition and information, the department of local government finance **or the county board of tax and capital projects review** shall fix a time and place for a hearing in the authority district, which must be not less than five (5) or more than thirty (30) days after the time is fixed. Notice of the hearing shall be given by the department of local government finance to the members of the board, and to the first fifty (50) petitioners on the petition, by a letter signed by one (1) member of the state board of tax commissioners **or the county board of tax and capital projects review** and enclosed with fully prepaid postage sent to those persons at their usual place of residence, at least five (5) days before the date of the hearing. The decision of the department of local government finance **or the county board of tax and capital projects review** on the appeal, upon the necessity for the execution of the lease, and as to whether the payments under it are fair and reasonable, is final.

(f) An authority entering into a lease payable from any sources permitted under this chapter may:

(1) pledge the revenue to make payments under the lease pursuant

to IC 5-1-14-4; or

(2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the airport authority to make the lease rental payments are not considered debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(h) Except as provided in this section, no approvals of any governmental body or agency are required before the authority enters into a lease under this section.

(i) An action to contest the validity of the lease or to enjoin the performance of any of its terms and conditions must be brought within thirty (30) days after the later of:

(1) the public hearing described in subsection (c); or

(2) the publication of the notice of the execution and approval of the lease described in subsection (d), if the lease is payable in whole or in part from tax levies.

However, if the lease is payable in whole or in part from tax levies and an appeal has been taken to the department of local government finance **or the county board of tax and capital projects review,** an action to contest the validity or enjoin the performance must be brought within thirty (30) days after the decision of the department of local government finance **or the county board of tax and capital projects review.**

(j) If an authority exercises an option to buy an airport project from a lessor, the authority may subsequently sell the airport project, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the authority through auction, appraisal, or arms length negotiation. If the airport project is sold at auction, after appraisal, or through negotiation, the board shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

SECTION 98. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All receipts from the tax imposed under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any local option income taxes distributed to the county to replace growth in the family and children's fund levy.

~~(3)~~ **(4)** Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 99. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsection (b),** for taxes first due and payable in each year after 2005, each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's family and children property tax levy under this section for the ensuing calendar year may not exceed the county's family and children property tax levy for the current calendar year.

~~(b)~~ **(c)** The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3.

SECTION 100. IC 12-19-7.5-6, AS AMENDED BY P.L.234-2005, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Except as provided by subsection (b),** for taxes first due and payable in each year after 2005, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the county children's psychiatric residential treatment services property tax levy necessary to pay the costs of children's psychiatric residential treatment services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the maximum county children's psychiatric residential treatment services property tax levy for the ensuing calendar year is equal to the maximum county children's psychiatric residential treatment services property tax levy in the current year.

~~(b)~~ **(c)** The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 101. IC 12-29-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. All general Indiana statutes relating to the following apply to the issuance of county bonds under this chapter:

(1) The filing of a petition requesting the issuance of bonds.

(2) The giving of notice of the following:

(A) The filing of the petition requesting the issuance of the bonds.

(B) The determination to issue bonds.

(C) A hearing on the appropriation of the proceeds of the bonds.

(3) The right of taxpayers to appear and be heard on the proposed appropriation.

(4) The approval of the appropriation by the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

(5) The right of taxpayers to remonstrate against the issuance of bonds.

SECTION 102. IC 12-29-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county shall fund the operation of community mental health centers in the amount determined under subsection (b), unless a lower tax levy amount will be adequate to fulfill the county's financial obligations under this chapter in any of the following situations:

(1) If the total population of the county is served by one (1) center.

(2) If the total population of the county is served by more than one (1) center.

(3) If the partial population of the county is served by one (1) center.

(4) If the partial population of the county is served by more than one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

(1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

(2) **Except as provided in subsection (c),** for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's maximum property tax levy under this section to fund the operation of community mental health centers for the ensuing calendar year is equal to the county's maximum property tax levy to fund the operation of community mental health centers for the current calendar year.

SECTION 103. IC 13-18-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If the offender is a municipal corporation, the cost of:

(1) acquisition, construction, repair, alteration, or extension of the necessary plants, machinery, or works; or

(2) taking other steps that are necessary to comply with the order;

shall be paid out of money on hand available for these purposes or out of the general money of the municipal corporation not otherwise appropriated.

(b) If there is not sufficient money on hand or unappropriated, the necessary money shall be raised by the issuance of bonds. The bond issue is subject only to the approval of the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

SECTION 104. IC 14-30-2-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. However, the annual budget is not subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any county. Notwithstanding any other law, the budget of the commission shall be treated for all other purposes as if the appropriate county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** had approved the budget.

SECTION 105. IC 14-30-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. The annual budget is subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any participating county.

(b) The commission is not eligible for funding through the Wabash River heritage corridor commission established by IC 14-13-6-6.

SECTION 106. IC 14-33-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The budget of a district:

(1) must be prepared and submitted:

(A) at the same time;

(B) in the same manner; and

(C) with notice;

as is required by statute for the preparation of budgets by municipalities; and

(2) is subject to the same review by:

(A) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** and

(B) the department of local government finance;

as is required by statute for the budgets of municipalities.

(b) If a district is established in more than one (1) county:

(1) except as provided in subsection (c), the budget shall be certified to the auditor of the county in which is located the court that had exclusive jurisdiction over the establishment of the district; and

(2) notice must be published in each county having land in the district. Any taxpayer in the district is entitled to be heard before the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** having jurisdiction.

(c) If one (1) of the counties in a district contains either a first or second class city located in whole or in part in the district, the budget:

(1) shall be certified to the auditor of that county; and

(2) is subject to review at the county level only by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of that county.

SECTION 107. IC 20-45-2-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A school corporation that did not impose a general fund tax levy for the preceding calendar year may not collect a general fund tax levy for the ensuing calendar year until the general fund tax levy (and the related budget, appropriations, and general fund tax rate), after being adopted and advertised, is:

(1) considered by the proper county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** as provided by law;

(2) reviewed by the tax control board, which shall make its recommendations in respect to the general fund tax levy to the department; and

(3) approved by the department of local government finance.

(b) For purposes of this article, the school corporation's initial maximum permissible tuition support levy must be based on the taxes collectible in the first full calendar year after the approval.

(c) If territory is transferred from one (1) school corporation to another under IC 20-4-4 (before its repeal), IC 20-3-14 (before its repeal), IC 20-23-5, or IC 20-25-5, maximum permissible tuition support levy and the other terms used in this article shall be interpreted as though the assessed valuation of the territory had been transferred before March 1, 1977, in accordance with rules and a final determination by the department of local government finance.

SECTION 108. IC 20-45-4-1, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not approve or recommend the approval of an excessive tax levy.

SECTION 109. IC 20-45-4-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. If a school corporation adopts or advertises an excessive tax levy, the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** that reviews the school corporation's budget, tax levy, and tax rate shall reduce the excessive tax levy to the maximum permissible tuition support levy.

SECTION 110. IC 20-45-4-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. If a county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** approves or recommends the approval of an excessive tax levy for a school corporation, the auditor of the county for which the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** is acting shall reduce the excessive tax levy to the maximum permissible tuition support levy. The reduction shall be set out in the notice required to be published by the county auditor under IC 6-1.1-17-12. An appeal shall be permitted as provided under IC 6-1.1-17 as modified by IC 6-1.1-19 and this article.

SECTION 111. IC 20-45-4-4, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. Appeals from any action of a county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or **a** county auditor concerning a school corporation's budget, property tax levy, or property tax rate may be taken as provided for by IC 6-1.1-17 and IC 6-1.1-19. Notwithstanding IC 6-1.1-17 and IC 6-1.1-19, a school corporation may appeal to the department of local government finance for emergency financial relief for the ensuing calendar year at any time before:

(1) September 20; or

(2) in the case of a request described in IC 20-45-6-5 or IC 20-46-6-6, December 31;

of the calendar year immediately preceding the ensuing calendar year.

SECTION 112. IC 20-45-5-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The tax control board shall, after the tax control board studies the appeal petition and related materials, recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor, in respect of the appellant school corporation's budget, tax levy, or tax rate for the ensuing calendar year, be approved;

(2) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor concerning the appellant school corporation's budget, tax levy, or tax rate for the calendar year be disapproved and that the appellant school corporation's budget, tax levy, or tax rate for the calendar year be:

(A) reduced; or

(B) increased;

as specified in the tax control board's recommendation; or

(3) combined with a recommendation allowed under subdivision (1) or (2), a new facility adjustment be granted to permit the school corporation's tuition support levy to be increased if the school corporation can show a need for the increase because of:

(A) the opening after December 31, 1972, of a new school facility; or

(B) the reopening after July 1, 1988, of an existing facility that:

(i) was not used for at least three (3) years immediately before the reopening; and

(ii) is reopened to provide additional classroom space.

SECTION 113. IC 20-45-6-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) This section applies with respect to every appeal petition of a school corporation that:

(1) is delivered to the tax control board by the department of local government finance under IC 6-1.1-19-4.1; and

(2) includes a request for emergency financial relief.

(b) This section does not apply to an appeal petition described in section 5 or 6 of this chapter.

(c) The tax control board shall, after studying the appeal petition and related materials, make an appropriate recommendation to the department of local government finance.

(d) If the appeal petition requests a referendum under IC 20-46-1, the tax control board shall expedite the tax control board's review as necessary to permit the referendum to be conducted without a special election.

(e) In respect to the appeal petition, the tax control board may make to the department of local government finance any of the recommendations described in IC 20-45-5-3, subject to the limitations described in IC 20-45-5-6.

(f) In addition to a recommendation under subsection (c) or (e), if the tax control board concludes that the appellant school corporation cannot, in a calendar year, carry out the public educational duty committed to the appellant school corporation by law if the appellant school corporation does not receive emergency financial relief for the calendar year, the tax control board may recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor in respect of the budget, tax levy, or tax rate of the appellant school corporation be:

(A) approved; or

(B) disapproved and modified;

as specified in the tax control board's recommendation; and

(2) the appellant school corporation receive emergency financial relief from the state:

(A) on terms to be specified by the tax control board in the tax control board's recommendation; and

(B) in the form permitted under subsection (g).

(g) The tax control board may recommend emergency financial relief for a school corporation under subsection (f) in the form of:

(1) a grant or grants from any funds of the state that are available for that purpose;

(2) a loan or loans from any funds of the state that are available for that purpose;

(3) permission to the appellant school corporation to borrow funds from a source other than the state or assistance in obtaining the loan;

(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations;

(5) permission to the appellant school corporation to:

(A) cancel any unpaid obligation of the appellant school corporation's general fund to the appellant school corporation's capital projects fund; or

(B) use for general fund purposes:

(i) any unobligated balance in the appellant school corporation's capital projects fund; and

(ii) the proceeds of any levy made or to be made by the school corporation for;

the school corporation's capital projects fund;

(6) permission to use, for general fund purposes, any unobligated balance in any debt service or other construction fund, including any unobligated proceeds of a sale of the school corporation's general obligation bonds; or

(7) a combination of the emergency financial relief described in subdivisions (1) through (6).

SECTION 114. IC 20-45-7-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The county auditor shall compute the amount of the tax to be levied each year. Before August 2, the county auditor shall certify the amount to the county council.

(b) The tax rate shall be advertised and fixed by the county council in the same manner as other property tax rates. The tax rate shall be subject to all applicable law relating to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

(c) The department of local government finance shall certify the tax rate at the time it certifies the other county tax rates.

(d) The department of local government finance shall raise or lower the tax rate to the tax rate provided in this chapter, regardless of whether the certified tax rate is below or above the tax rate advertised by the county.

SECTION 115. IC 20-45-8-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. The tax levy is subject to all laws concerning review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

SECTION 116. IC 20-46-7-8, AS AMENDED BY P.L.192-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to:

(1) incur bond indebtedness;
(2) enter into a lease rental agreement; or
(3) repay from the debt service fund loans made for the purchase of school buses under IC 20-27-4-5;

not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances.

(b) A school corporation must obtain approval from the department of local government finance before the school corporation may:

(1) incur the indebtedness;
(2) enter into the lease agreement; or
(3) repay the school bus purchase loan.

(c) This restriction does not apply to property taxes that a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974. In addition, this restriction does not apply to a lease agreement or a purchase agreement entered into between a school corporation and the Indiana bond bank for the lease or purchase of a school bus under IC 5-1.5-4-1(a)(5), if the lease agreement or purchase agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under IC 21-2-11.5-3.1.

(d) This section does not apply to:

(1) school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school

corporation; **or**
(2) bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.

SECTION 117. IC 20-46-7-9, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may:
(1) approve;
(2) disapprove; or
(3) modify then approve;
a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan. Before the department of local government finance approves or disapproves a proposed lease rental agreement, bond issue, or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

(c) The department of local government finance shall render a decision not more than three (3) months after the date the department of local government finance receives a request for approval under section 8 of this chapter. However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department of local government finance sends notice of the extension to the executive officer of the school corporation.

SECTION 118. IC 20-46-7-10, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:
(1) establishes that additional classroom space is necessary; and
(2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as defined in IC 20-30-2-7)) rather than expanding classroom space.

(c) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department of local government finance enters its order under this section.

SECTION 119. IC 20-46-7-14 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2007 (RETROACTIVE)]: **Sec. 14. After May 15, 2007, the department of local government finance may not approve under section 9 of this chapter a school corporation's proposed:**

(1) bond issue that does not provide for payments toward the principal of the bonds on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance;

(2) lease rental agreement that does not provide for repayments toward the present asset value of the lease at its inception on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance; or

(3) debt service fund loan to purchase school buses that does not provide for payments toward the principal of the loan on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance.

SECTION 120. IC 33-37-7-8, AS AMENDED BY P.L.174-2006, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The clerk of a city or town court shall distribute semiannually to the auditor of state as the state share for deposit in the state general fund fifty-five percent (55%) of the amount of fees collected under the following:

(1) IC 33-37-4-1(a) (criminal costs fees).
(2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
(3) IC 33-37-4-4(a) (civil costs fees).
(4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
(5) IC 33-37-5-17 (deferred prosecution fees).

(b) The city or town fiscal officer shall distribute monthly to the county auditor as the county share twenty percent (20%) of the amount of fees collected under the following:

(1) IC 33-37-4-1(a) (criminal costs fees).
(2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
(3) IC 33-37-4-4(a) (civil costs fees).
(4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
(5) IC 33-37-5-17 (deferred prosecution fees).

(c) The city or town fiscal officer shall retain twenty-five percent (25%) as the city or town share of the fees collected under the following:

(1) IC 33-37-4-1(a) (criminal costs fees).
(2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
(3) IC 33-37-4-4(a) (civil costs fees).
(4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
(5) IC 33-37-5-17 (deferred prosecution fees).

(d) The clerk of a city or town court shall distribute semiannually to the auditor of state for deposit in the state user fee fund established in IC 33-37-9 the following:

(1) Twenty-five percent (25%) of the drug abuse, prosecution, interdiction, and ~~corrections~~ **correction** fees collected under IC 33-37-4-1(b)(5).

(2) Twenty-five percent (25%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).

(3) One hundred percent (100%) of the highway work zone fees collected under IC 33-37-4-1(b)(9) and IC 33-37-4-2(b)(5).

(4) One hundred percent (100%) of the safe schools fee collected under IC 33-37-5-18.

(5) One hundred percent (100%) of the automated record keeping fee (IC 33-37-5-21).

(e) The clerk of a city or town court shall distribute monthly to the county auditor the following:

(1) Seventy-five percent (75%) of the drug abuse, prosecution, interdiction, and corrections fees collected under IC 33-37-4-1(b)(5).

(2) Seventy-five percent (75%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).

The county auditor shall deposit fees distributed by a clerk under this subsection into the county drug free community fund established under IC 5-2-11.

(f) The clerk of a city or town court shall distribute monthly to the city or town fiscal officer (as defined in IC 36-1-2-7) one hundred percent (100%) of the following:

(1) The late payment fees collected under IC 33-37-5-22.

(2) The small claims service fee collected under IC 33-37-4-6(a)(1)(B) or IC 33-37-4-6(a)(2).

(3) The small claims garnishee service fee collected under IC 33-37-4-6(a)(1)(C) or IC 33-37-4-6(a)(3).

The city or town fiscal officer (as defined in IC 36-1-2-7) shall deposit fees distributed by a clerk under this subsection in the city or town general fund.

(g) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state general fund one hundred percent (100%) of the following:

(1) The public defense administration fee collected under IC 33-37-5-21.2.

(2) The DNA sample processing fees collected under IC 33-37-5-26.2.

(3) The court administration fees collected under IC 33-37-5-27.

(h) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the judicial branch insurance adjustment account established by IC 33-38-5-8.2 one hundred percent (100%) of the judicial insurance adjustment fee collected under IC 33-37-5-25.

(i) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state general fund seventy-five percent (75%) of the judicial salaries fee collected under IC 33-37-5-26. The city or town fiscal officer shall retain twenty-five percent (25%) of the judicial salaries fee collected under IC 33-37-5-26. ~~as the city or town share.~~ **The funds retained by the city or town shall be prioritized to fund city or town court operations.**

SECTION 121. IC 36-7-14-27.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27.5. (a) The redevelopment commission may borrow money in anticipation of receipt of the proceeds of taxes levied for the redevelopment district bond fund and not yet collected, and may evidence this borrowing by issuing warrants of the redevelopment district. However, the aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed an amount equal to eighty percent (80%) of that tax levy or levies, as certified by the department of local government finance, or as determined by multiplying the rate of tax as finally approved by the total assessed valuation (after deducting all mortgage deductions) within the redevelopment district, as most recently certified by the county auditor.

(b) The warrants may be authorized and issued at any time after the tax or taxes in anticipation of which they are issued have been levied by the redevelopment commission. For purposes of this section, taxes for any year are considered to be levied upon adoption by the commission of a resolution prescribing the tax levies for the year. However, the warrants may not be delivered and paid for before final approval of the tax levy or levies by the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or, if appealed, by the department of local government finance, unless the issuance of the warrants has been approved by the department.

(c) All action that this section requires or authorizes the redevelopment commission to take may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by the redevelopment commission. An action to contest the validity of tax anticipation warrants may not be brought later than ten (10) days after the sale date.

(d) In their resolution authorizing the warrants, the redevelopment commission must provide that the warrants mature at a time or times not later than December 31 after the year in which the taxes in anticipation of which the warrants are issued are due and payable.

(e) In their resolution authorizing the warrants, the redevelopment commission may provide:

(1) the date of the warrants;
(2) the interest rate of the warrants;
(3) the time of interest payments on the warrants;
(4) the denomination of the warrants;
(5) the form either registered or payable to bearer, of the warrants;
(6) the place or places of payment of the warrants, either inside or outside the state;
(7) the medium of payment of the warrants;
(8) the terms of redemption, if any, of the warrants, at a price not

exceeding par value and accrued interest;

(9) the manner of execution of the warrants; and

(10) that all costs incurred in connection with the issuance of the warrants may be paid from the proceeds of the warrants.

(f) The warrants shall be sold for not less than par value, after notice inviting bids has been published under IC 5-3-1. The redevelopment commission may also publish the notice in other newspapers or financial journals.

(g) Warrants and the interest on them are not subject to any limitation contained in section 25.1 of this chapter, and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

SECTION 122. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006, SECTION 192, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

(1) allocated to the redevelopment district;

(2) paid into the special fund for that allocation area; and

(3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

(1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and

(2) used by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008),** the department of local government

finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and IC 20-45-3 do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3 and IC 20-45-3, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 123. IC 36-8-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the municipality is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1925 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 4(a) of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) The local board may provide in its annual budget and pay all necessary expenses of operating the 1925 fund, including the payment of all costs of litigation and attorney fees arising in connection with the fund, as well as the payment of benefits and pensions. Notwithstanding any other law, neither the municipal legislative body, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** nor the department of local government finance may reduce an item of expenditure.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled;

(2) the name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(d) The total receipts shall be deducted from the total expenditures stated in the itemized estimate and the amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the municipality in the same manner as other expenses of the municipality are paid. A tax levy shall be made annually for this purpose, as provided in subsection (e). The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other municipal offices and departments are prepared and filed.

(e) The municipal legislative body shall levy an annual tax in the amount and at the rate that are necessary to produce the revenue to pay that part of the police pensions that the municipality is obligated to pay. All money derived from the levy is for the exclusive use of the police pensions and benefits. The amounts in the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the municipality. The legislative body shall make a levy for them that will yield an amount equal to the estimated disbursements, less the amount of the estimated receipts. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** nor the department of local government finance may reduce the levy.

SECTION 124. IC 36-8-7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local board shall meet annually and prepare an itemized estimate, in the form prescribed by the state board of accounts, of the amount of money that will be receipted into and disbursed from the 1937 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements must be divided into two (2) parts, designated as part 1 and part 2.

(b) Part 1 of the estimated disbursements consists of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the next fiscal year, and to the dependents of deceased members. Part 2 of the estimated disbursements consists of an estimate of the amount of money that will be needed to pay death benefits and other expenditures that are authorized or required by this chapter.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing the following:

(1) The name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled.

(2) The name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive.

(3) The name and the age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(4) The amount that would be required for the next fiscal year to maintain level cost funding during the active fund members' employment on an actuarial basis.

(5) The amount that would be required for the next fiscal year to amortize accrued liability for active members, retired members, and dependents over a period determined by the local board, but not to exceed forty (40) years.

(d) The total receipts shall be deducted from the total expenditures as listed in the itemized estimate. The amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the unit in the same manner as other expenses of the unit are paid, and an appropriation shall be made annually for that purpose. The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other offices and departments of the unit are prepared and filed.

(e) The estimates shall be made a part of the annual budget of the unit. When revising the estimates, the executive, the fiscal officer, and other fiduciary officers may not reduce the items in part 1 of the estimated disbursements.

(f) The unit's fiscal body shall make the appropriations necessary to pay that proportion of the budget of the 1937 fund that the unit is obligated to pay under subsection (d). In addition, the fiscal body may make appropriations for purposes of subsection (c)(4), (c)(5), or both. All appropriations shall be made to the local board for the exclusive use of the 1937 fund. The amounts listed in part 1 of the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the unit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** nor the department of local government finance may reduce the appropriations made to pay the amount equal to estimated disbursements minus estimated receipts.

SECTION 125. IC 36-8-7-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. The 1937 fund may not be, either before or after an order for distribution to members of the fire department or to the surviving spouses or guardians of a child or children of a deceased, disabled, or retired member, held, seized, taken, subjected to, detained, or levied on by virtue of an attachment, execution, judgment, writ, interlocutory or other order, decree, or process, or proceedings of any nature issued out of or by a court in any state for the payment or satisfaction, in whole or in part, of a debt, damages, demand, claim, judgment, fine, or amercement of the member or the member's surviving spouse or children. The 1937 fund shall be kept and distributed only for the purpose of pensioning the persons named in this chapter. The local board may, however, annually expend an amount from the 1937 fund that it considers proper for the necessary expenses connected with the fund. Notwithstanding any other law, neither the fiscal body, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** nor the department of local government finance may reduce these expenditures.

SECTION 126. IC 36-8-7.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the police special service district is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1953 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the estimated number of beneficiaries from the 1953 fund during the ensuing fiscal year in each of the various classifications of beneficiaries as prescribed in this chapter, and the names and amount of benefits being paid to those actively on the list of beneficiaries at that time;

(2) the name, age, and length of service of each member of the police department who is eligible to and expects to retire during the ensuing fiscal year, and the monthly and yearly amounts of the

payment that the member will be entitled to receive; and

(3) the name and age of each dependent of a member of the police department who is then receiving benefits, the date on which the dependent commenced drawing benefits, and the date on which the dependent will cease to be a dependent by reason of attaining the age limit prescribed by this chapter, and the monthly and yearly amounts of the payments to which each of the dependents is entitled.

(c) After the amounts of receipts and disbursements shown in the itemized estimate are fixed and approved by the executive, fiscal officer, legislative body and other bodies, as provided by law for other municipal funds, the total receipts shall be deducted from the total expenditures stated in the itemized estimate, and the amount of the excess shall be paid by the police special service district in the same manner as other expenses of the district are paid. The legislative body shall levy a tax and the money derived from the levy shall, when collected, be credited exclusively to the 1953 fund. The tax shall be levied in the amount and at the rate that is necessary to produce sufficient revenue to equal the deficit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** nor the department of local government finance may reduce the tax levy.

SECTION 127. IC 36-8-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The board shall annually budget the necessary money to meet the expenses of operation and maintenance of the district, including repairs, fees, salaries, depreciation on all depreciable assets, rents, supplies, contingencies, bond redemption, and all other expenses lawfully incurred by the district. After estimating expenses and receipts of money, the board shall establish the tax levy required to fund the estimated budget.

(b) The budget must be approved by the fiscal body of the county, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** and the department of local government finance.

(c) Upon approval by the department of local government finance, the board shall certify the approved tax levy to the auditor of the county having land within the district. The auditor shall have the levy entered on the county treasurer's tax records for collection. After collection of the taxes the auditor shall issue a warrant on the treasurer to transfer the revenues collected to the board, as provided by statute.

SECTION 128. IC 36-8-11-22.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.1. (a) This section applies to a district that consists of a municipality that is located in two (2) counties.

(b) This section does not apply to a merged district under section 23 of this chapter.

(c) Sections 6 and 7 of this chapter apply to the petition.

(d) The board of fire trustees for the district shall be appointed as prescribed by section 12 of this chapter. However, the legislative body of each county within which the district is located shall jointly appoint one (1) trustee from each township or part of a township contained in the district and one (1) trustee from the municipality contained in the district. The legislative body of each county shall jointly appoint a member to fill a vacancy.

(e) Sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the district. However, the county legislative bodies serving the district shall jointly decide where the board shall locate (or approve location of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to the district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 129. IC 36-8-11-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any fire protection district may merge with one (1) or more protection districts to form a single district if at least one-eighth (1/8) of the aggregate external boundaries of the districts coincide.

(b) The legislative body of the county where at least two (2) districts are located (or if the districts are located in more than one (1) county, the legislative body of each county) shall, if petitioned by freeholders in the two (2) districts, adopt an ordinance merging the districts into a single fire protection district.

(c) Freeholders who desire the merger of at least two (2) fire protection districts must initiate proceedings by filing a petition in the office of the county auditor of each county where a district is located. The petition must be signed:

(1) by at least twenty percent (20%), with a minimum of five hundred (500) from each district, of the freeholders owning land within the district; or

(2) by a majority of the freeholders from the districts;

whichever is less.

(d) The petition described in subsection (c) must state the same items listed in section 7 of this chapter. Sections 6, 8, and 9 of this chapter apply to the petition and to the legislative body of each county in the proposed district.

(e) The board of fire trustees for each district shall form a single board, which shall continue to be appointed as prescribed by section 12 of this chapter. In addition, sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the merged district, except that if the merged district lies in more than one (1) county, the county legislative bodies serving the combined district shall jointly decide where the board shall locate (or approve relocation of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to a merged district. However, the budget must be approved by the county fiscal body and county board of tax adjustment

(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) in each county in the merged district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 130. IC 36-8-13-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) For a township that elects to have the township provide fire protection and emergency services under section 3(c) of this chapter, the department of local government finance shall adjust the township's maximum permissible levy in the year following the year in which the change is elected, as determined under IC 6-1.1-18.5-3, to reflect the change from providing fire protection or emergency services under a contract between the municipality and the township to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of each municipality. For the ensuing calendar year, the township's maximum permissible property tax levy shall be increased by the product of:

(1) one and five-hundredths (1.05); multiplied by

(2) the amount the township contracted or billed to receive, regardless of whether the amount was collected:

(A) in the year in which the change is elected; and

(B) as fire protection or emergency service payments from the municipalities or residents of the municipalities covered by the election under section 3(c) of this chapter.

The maximum permissible levy for a general fund or other fund of a municipality covered by the election under section 3(c) of this chapter shall be reduced for the ensuing calendar year to reflect the change to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of the municipality. The total reduction in the maximum permissible levies for all electing municipalities must equal the amount that the maximum permissible levy for the township is increased under this subsection for contracts or billings, regardless of whether the amount was collected, less the amount actually paid from sources other than property tax revenue.

(b) For purposes of determining a township's and each municipality's maximum permissible ad valorem property tax levy under IC 6-1.1-18.5-3 for years following the first year after the year in which the change is elected, a township's and each municipality's maximum permissible ad valorem property tax levy is the levy after the adjustment made under subsection (a).

(c) The township may use the amount of a maximum permissible property tax levy computed under this section in setting budgets and property tax levies for any year in which the election in section 3(c) of this chapter is in effect. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not reduce a budget or tax levy solely because the budget or levy is based on the maximum permissible property tax levy computed under this section.

(d) Section 4.6 of this chapter does not apply to a property tax levy or a maximum property tax levy subject to this section.

SECTION 131. IC 36-8-15-19 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This subsection applies to a county not having a consolidated city. For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents ($0.05) on each one hundred dollars ($100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before September 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the board, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the board, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

SECTION 132. IC 36-9-3-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. The board shall prepare an annual budget for the authority's operating and maintenance expenditures and necessary capital expenditures. Each annual budget is subject to review and modification by the:

(1) fiscal body of the county or municipality that establishes the authority; and

(2) county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance under IC 6-1.1-17.

SECTION 133. IC 36-9-4-47 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 47. (a) The board of directors of a public transportation corporation may:

(1) borrow money in anticipation of receipt of the proceeds of taxes that have been levied by the board and have not yet been collected; and

(2) evidence this borrowing by issuing warrants of the corporation.

The money that is borrowed may be used by the corporation for payment of principal and interest on its bonds or for payment of current operating expenses.

(b) The warrants:

(1) bear the date or dates;

(2) mature at the time or times on or before December 31 following the year in which the taxes in anticipation of which the warrants are issued are due and payable;

(3) bear interest at the rate or rates and are payable at the time or times;

(4) may be in the denominations;

(5) may be in the forms, either registered or payable to bearer;

(6) are payable at the place or places, either inside or outside Indiana;

(7) are payable in the medium of payment;

(8) are subject to redemption upon the terms, including a price not exceeding par and accrued interest; and

(9) may be executed by the officers of the corporation in the manner;

provided by resolution of the board of directors. The resolution may also authorize the board to pay from the proceeds of the warrants all costs incurred in connection with the issuance of the warrants.

(c) The warrants may be authorized and issued at any time after the board of directors levies the tax or taxes in anticipation of which the warrants are issued.

(d) The warrants may be sold for not less than par value after notice inviting bids has been published in accordance with IC 5-3-1. The board of directors may also publish the notice inviting bids in other newspapers or financial journals.

(e) After the warrants are sold, they may be delivered and paid for at one (1) time or in installments.

(f) The aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed eighty percent (80%) of the levy or levies, as the amount of the levy or levies is certified by the department of local government finance, or as is determined by multiplying the rate of tax as finally approved by the total assessed valuation of taxable property within the taxing district of the public transportation corporation as most recently certified by the county auditor.

(g) For purposes of this section, taxes for any year are considered to be levied when the board of directors adopts the ordinance prescribing the tax levies for the year. However, warrants may not be delivered and paid for before final approval of a tax levy or levies by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** (or, if appealed, by the department of local government finance) unless the issuance of the warrants has been approved by the department of local government finance.

(h) The warrants and the interest on them are not subject to sections 43 and 44 of this chapter and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

(i) All actions of the board of directors under this section may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by a majority of the members of the board of directors.

(j) An action to contest the validity of any tax anticipation warrants may not be brought later than ten (10) days after the sale date.

SECTION 134. IC 36-9-13-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. The annual operating budget of a building authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 135. IC 36-12-14-2, AS ADDED BY P.L.199-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** under IC 6-1.1-29-4:

(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.

(2) If the library district:

(A) is not described by subdivision (1); and

(B) is located entirely within the boundaries of a township;

the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 136. IC 21-14-2-12.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] **Sec. 12.5. This section applies to tuition and mandatory fees that a board of trustees of a state educational institution votes to increase after June 30, 2007.**

(b) After the enactment of a state budget, the commission for higher education shall recommend nonbinding tuition and mandatory fee increase targets for each state educational institution.

(c) The state educational institution shall submit a report to the state budget committee concerning the financial and budgetary factors considered by the board of trustees in determining the amount of the increase.

(d) The state budget committee shall review the targets recommended under subsection (b) and reports received under subsection (c) and may request that a state educational institution appear at a public meeting of the state budget committee concerning the report.

SECTION 137. IC 21-14-2-12 IS REPEALED [EFFECTIVE JULY 1, 2007].

SECTION 138. IC 20-12-1-12, AS AMENDED BY HEA 1001-2007, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) This section applies notwithstanding IC 20-12-23-2, IC 20-12-36-4, IC 20-12-56-5, IC 20-12-57.5-11, and IC 20-12-64-5.

(b) As used in this section, "academic year" has the meaning set forth in IC 20-12-76-1.

(c) As used in this section, "state educational institution" has the meaning set forth in IC 20-12-0.5-1.

(d) A state educational institution shall set tuition and fee rates for a two (2) year period. The rates shall be set according to the procedure set forth in subsection (e) and:

(1) on or before ~~June~~ **May** 30 of the odd numbered year; or

(2) ~~sixty (60)~~ **thirty (30)** days after the state budget bill is enacted into law;

whichever is later.

(e) A state educational institution shall hold a public hearing before adopting any proposed tuition and fee rate increases. The state educational institution shall give public notice of the hearing at least ten (10) days before the hearing. The public notice shall include the specific proposal for tuition and fee rate increases and the expected uses of the revenue to be raised by the proposed increases. The hearing shall be held:

(1) on or before May ~~31~~ **15** of each odd numbered year; or

(2) ~~thirty-one (31)~~ **fifteen (15)** days after the state budget bill is enacted into law;

whichever is later.

(f) After a state educational institution's tuition and fee rates are set under this section, the state educational institutions may adjust the tuition and fee rates only if appropriations to the state educational institution in the state budget act are reduced or withheld.

(g) If a state educational institution adjusts its tuition and fee rates under subsection (f), the total revenue generated by the tuition and fee rate adjustment must not exceed the amount by which appropriations to the state educational institution in the state budget act were reduced or withheld.

~~(h) For tuition and fees set by a state educational institution before July 1, 2007, a state educational institution must appear before the state budget committee before June 30, 2007. The state budget committee shall review the tuition and fees proposed by the state educational institution under section 8 of this chapter.~~

~~(i) After July 1, 2007, the commission for higher education shall recommend biennially nonbinding tuition targets based on the mission of the state educational institution. The board of trustees of a state educational institution may set a tuition rate that exceeds the tuition target only if the proposed tuition rate is reviewed by both the commission for higher education and the state budget committee before the later of the following:~~

~~(1) June 30 in the odd-numbered year.~~

~~(2) Sixty (60) days after the state budget is adopted for the biennium beginning in the odd-numbered year.~~

SECTION 139. [EFFECTIVE JULY 1, 2007] **IC 6-1.1-29.5, as added by this act, does not apply to any of the following:**

(1) The issuance of bonds or other obligations or the entering into a lease, if the preliminary determination to issue the bonds or other obligations or to enter into the lease is made before January 1, 2009.

(2) The construction of a capital project, if the construction begins before January 1, 2009.

(3) The entering into a contract for the construction of a capital project, if the contract is entered into before January 1, 2009.

(4) The procuring of supplies necessary for construction of a capital project, if the supplies are procured or a contract for the procuring of the supplies is entered into before January 1, 2009.

(5) The construction of a capital project, the entering into a contract for the construction of a capital project, or the procuring of supplies necessary for the construction of a capital project, if the issuance of bonds or other obligations, or the entering into a lease, to finance the capital project has been approved by the department of local government finance under IC 20-46-7 before January 1, 2009.

SECTION 140. [EFFECTIVE JULY 1, 2007] **(a) Any matter pending before a county board of tax adjustment on December 31, 2008, is transferred to the county board of tax and capital projects review for that county on January 1, 2009.**

(b) Any property and obligations of a county board of tax adjustment on December 31, 2008, are transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(c) Each county board of tax adjustment is abolished on December 31, 2008. The term of a member serving on a county board of tax adjustment on December 31, 2008, expires December 31, 2008.

(d) This SECTION expires January 1, 2009.

SECTION 141. [EFFECTIVE UPON PASSAGE] **(a) The legislative services agency shall prepare legislation for introduction in the 2008 regular session of the general assembly to organize and correct statutes affected by this act, if necessary.**

(b) This SECTION expires January 1, 2009.

SECTION 142. [EFFECTIVE UPON PASSAGE] **An ordinance adopted after January 1, 2007, and before April 1, 2007, under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7, all as in effect before amendment by this act, takes effect October 1, 2007, and not July 1, 2007.**

SECTION 143. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "committee" refers to the annexation study committee established by this SECTION.**

(b) The annexation study committee is established. The committee shall study:

(1) revising the statutes concerning municipal annexation of territory. The committee's study may not include the annexation statutes in IC 36-3-2; and

(2) whether "one and fifteen hundredths (1.15)" in STEP THREE of IC 6-1.1-18.5-3(a) and STEP THREE of IC 6-1.1-18.5-3(b) is sufficient to raise adequate property taxes for a municipality annexing territory.

(c) The committee consists of sixteen (16) members appointed as follows:

(1) Two (2) members of the house of representatives appointed by the speaker of the house of representatives.

(2) Two (2) members of the house of representatives appointed by the minority leader of the house of representatives.

(3) Two (2) members of the senate appointed by the president pro tempore of the senate.

(4) Two (2) members of the senate appointed by the minority leader of the senate.

(5) One (1) member who is a member of the city council of a second class city or third class city appointed by the president pro tempore of the senate.

(6) One (1) member who is a member of the city council of a second class city or third class city appointed by the speaker

of the house of representatives.

(7) One (1) member who is a member of the town council of a town that is not located in Marion County appointed by the president pro tempore of the senate.

(8) One (1) member who is a member of a county council of a county other than Marion County appointed by the speaker of the house of representatives.

(9) Two (2) members representing township government from a county other than Marion County. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(10) Two (2) members of the public that have experience in preparing an annexation remonstrance. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(d) Not more than one (1) member appointed under subsection (c)(9) and one (1) member appointed under subsection (c)(10) may be from the same political party.

(e) The legislative services agency shall staff the committee.

(f) The committee shall operate under the rules and procedures of the legislative council for study committees.

(g) Each member of the committee who is not a member of the general assembly is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(h) Each member of the committee who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(i) The affirmative votes of a majority of the legislator members of the committee are required for the committee to take action on any recommendation.

(j) The chairman of the legislative council shall appoint a member of the committee to serve as chairperson.

(k) The committee shall prepare and submit a written report of the committee's findings in an electronic format under IC 5-14-6 to the legislative council not later than November 1, 2007.

(l) This SECTION expires November 2, 2007.

SECTION 144. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: **(a) Notwithstanding the provisions in IC 6-1.1-20.4-4 specifying that an ordinance or a resolution must be adopted before December 31 for homestead credits to be provided under IC 6-1.1-20.4 in the following year, a political subdivision may adopt an ordinance or a resolution after**

December 31, 2006, and before June 1, 2007, to provide for the use of revenue for the purpose of providing a homestead credit under IC 6-1.1-20.4 in 2007.

(b) If a political subdivision adopts an ordinance or a resolution described in subsection (a):

(1) the local homestead credit under IC 6-1.1-20.4 shall be applied in the political subdivision in 2007; and

(2) the department of local government finance may take any action necessary to apply the local homestead credit in the political subdivision in 2007.

(c) This SECTION expires December 31, 2008.

SECTION 145. [EFFECTIVE UPON PASSAGE] **Notwithstanding the provisions in IC 6-3.5-6, before amendment by this act, specifying that an ordinance establishing or increasing the rate of a county option income tax in 2007 must be adopted before April 1, 2007, an ordinance adopted in 2007 to establish an additional rate under IC 6-3.5-6-33, as added by this act, may be adopted before June 1, 2007. An ordinance adopted under this SECTION is effective on the later of the following:**

(1) July 1, 2007.

(2) Fifteen (15) regular business days after the department of state revenue receives a certified copy of the ordinance from the county auditor.

SECTION 146. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: **An ordinance adopted by the fiscal body for Howard County that:**

(1) was adopted before April 29, 2007; and

(2) would have been in compliance with IC 6-3.5-6-28, as amended by this act, if this act had been enacted before the ordinance was adopted;

is legalized and validated to the same extent as if this act had been enacted before the ordinance was adopted.

SECTION 147. [EFFECTIVE JULY 1, 2007] **IC 6-1.1-12-37, as amended by this act, applies to property taxes first due and payable after December 31, 2007.**

SECTION 148. **An emergency is declared for this act.**

(Reference is to EHB 1478 as reprinted April 11, 2007.)

Conference Committee Report

on

Engrossed House Bill 1478

Signed by:

____________________________	____________________________
Representative Kuzman Chairperson	Senator Kenley
____________________________	____________________________
Representative Crawford	Senator Broden
House Conferees	**Senate Conferees**